



Town of Blowing Rock

Date: Tuesday, January 10, 2023, 6:00 p.m.

Location: 1036 Main Street, Blowing Rock, NC 28605

Agenda

<i>Item</i>		<i>Present & Participants</i>
I.	CALL TO ORDER – ROLL CALL FOR ATTENDANCE	Mayor Charles Sellers
II.	PLEDGE OF ALLEGIANCE	Mayor Charles Sellers
III.	APPROVAL OF MINUTES – By Roll Call 1. December 13, 2022 – Regular and Closed Session Meeting Minutes REGULAR AGENDA ADOPTION	Mayor & Council Mayor & Council
IV.	CONSENT AGENDA: 1. Tax Releases - #2022-06 2. Budget Amendment - #2023-02	Mayor & Council
V.	PUBLIC COMMENTS..... <i>comments shall be limited to three (3) minutes</i>	
VI.	SPECIAL PRESENTATION: 1. Alan Hunt – Special Recognition	Chief Aaron Miller
VII.	PRESENTATION: 1. Year of the Trail – Proclamation 2. 2021-2022 Audit Presentation 3. Paid Parking – Full Update	TDA Director Tracy Brown Audit Partner Alan Thompson Chief Aaron Miller
VIII.	PUBLIC HEARING: 1. Church Parking Amendment to the code 2. Annexation – Blowing Rock Brewing	Planning Director Kevin Rothrock Planning Director Kevin Rothrock

<p>IX.</p>	<p>OFFICIALS REPORTS & COMMENTS:</p> <ol style="list-style-type: none"> 1. Mayor 2. Council Members 3. Town Attorney 4. Town Manager 	
<p>X.</p>	<p>CLOSED SESSION – NCGS 143-318.11. (6) – <i>to consider the qualifications, competence, character, fitness, conditions of appointment, or conditions of initial public officer or employee or prospective public officer or employee.</i></p>	
<p>XI.</p>	<p>ADJOURNMENT/RECESS...<i>Mayor Charles Sellers entertains a motion and second to adjourn or recess the meeting.</i></p>	

Town Council Meeting - Tuesday, December 13th, 2022

Thu, Jan 05, 2023 8:38AM • 1:23:11

The Town of Blowing Rock Town Council met for their regular monthly meeting on Tuesday, December 13, 2022, at 6:00 p.m. The meeting took place at Town Hall located at 1036 Main Street Blowing Rock, NC. Present were Mayor Charlie Sellers, Mayor Pro-Tem Doug Matheson and Council Members Albert Yount, David Harwood, Melissa Pickett and Pete Gherini. Others in attendance were Town Manager Shane Fox, Town Attorney Allen Moseley, Town Engineer Doug Chapman, Police Chief Aaron Miller, Planning Director Kevin Rothrock, Public Works Director Matt Blackburn, Emergency Services Director Kent Graham and Town Clerk Hilari Hubner who recorded the minutes.

SUMMARY KEYWORDS

sewer line, town, project, year, special use permit, replace, staff, usda, included, line, area, leaks, rumple, council, retreat, planning board, wallingford, funding, zoning districts, move

SPEAKERS

All, David Harwood, Aaron Miller, Doug Matheson, Matt Blackburn, John Calvin, Shane Fox, Albert Yount, Kevin Rothrock, Melissa Pickett, Pete Gherini, Charlie Sellers, Doug Chapman, Rick Parsons

Charlie Sellers

Calling this Town Council meeting to order this December 13, 2022. Thank you very much for joining us this evening ladies and gentlemen. Roll call for attendance - All present. Alright if you would Let us please stand for the Pledge of Allegiance. Approval of minutes, from November 9, 2022. Do I have a motion?

Pete Gherini

So moved.

Charlie Sellers

Do I have a second.

Melissa Pickett

Second.

Charlie Sellers

Any discussion?

All

All in favor of the motion.

Charlie Sellers

Do I have a motion to approve the regular agenda.

Doug Matheson

So moved.

Charlie Sellers

Second?

David Harwood

Second.

Charlie Sellers

Any discussion?

All

All in favor.

Charlie Sellers

Okay regular agenda is adopted. Consent Agenda adoption, do I have a motion?

Pete Gherini

So moved.

Charlie Sellers

Do I have a second?

Melissa Pickett

Second.

All

All in favor of the motion.

Charlie Sellers

Mr. Todd Todd Castle thank you for joining us this evening. This is one of our new county commissioners. Thanks for coming, Todd. Appreciate your support. Braxton will be making as well. Public comments now please keep in mind your public comments can not be pertaining to anything under the public hearing section. And please keep your time down to three minutes. Rick Parsons

Rick Parsons

I don't know what you dread more winter coming or me coming back. My name is Rick Parsons I live at 1500 block of Green Hill Road. And I'm just back again, to remind you that the problem that we've faced for the last six years that I've been coming here is still present. And that's the constant speeding on Green Hill Road, from the parkway to the first curve at the 1500 block. Now, in the last six years, we've had multiple studies, three, at least that I can count, the most recently one conducted by Rainey Kemp, which I'll show and demonstrate a problem, where in the last counts, more than 15% of the traffic was traveling in excess of 10 miles per hour over the posted speed limit, with recorded speeds of up to 64 miles an hour. Now, those were the same speed ranges that were reported in the other times. And it doesn't happen all the time. It doesn't happen as bad in the winter. Certainly not as bad in the summer, but it still happens. And I'm back just like I do every year to remind you that we haven't solved this problem. We have had many suggestions of solutions. But as of yet, there's been no action. And I'm here again to encourage the Town Council to take this problem seriously. Take it seriously before there is someone killed on the street and do something about the chronic problem that exists on the straight stretches of Green Hill Road. Thank you.

Charlie Sellers

Rick, thank you, and I do greatly appreciate your consistency. For those like Rick that are concerned about speeding, that is something that will be a once again, discussed during our winter retreat. And, you know, we're always going to have speeders. But anything we can do to decrease the speeding is definitely a must. So thanks again, Rick, is there anyone else that would like to speak for the three minutes? Okay Mr. Shane Fox has a special recognition.

Shane Fox

Recognized Town Employees for their years of service:

5 years

- Tasha Johnston - Finance/Admin
- Thomas Gunnells - Blowing Rock Police
- Adam Lentz - Blowing Rock Police
- Alex Price - Blowing Rock Fire Department
- Jason Roten - Blowing Rock Fire Department
- Colby Whitt - Blowing Rock Fire Department
- Brandon Trivette - Blowing Rock Fire Department
- Hunter Shook - Public Works

15 years

- Nicole Norman - Finance/Admin
- Aaron Miller - Blowing Rock Police
- Sterling Lewis - Public Works
- James Townsend - Water Plant
- Amanda Lugenbell - Tourism Development Authority

25 years

- Sharon VanDyke - Blowing Rock Police

Charlie Sellers

You know, I'll have to say, even before I was Mayor, traveling through town, we'd see the town crews working at night fixing water leaks. Anytime something needs to be done, they were doing it. Since I've been Mayor, I've been amazed at how our town employees jump up to the plate. And so we have a great town because of our public works, all our town employees and our citizens. So thank you guys. Thank you so much. All right. Moving right along. Okay, this next is a public hearing it's a SUP for Rumble. Now, this is a quasi judicial. So if you would like to speak, I do need you to step over, see Hilari, get sworn in, you can go in and as a group, if there's more than one of you. If there's two of you, you can still go as a group. And if you would get sworn in if you would like to speak and then we'll move forward from there.

Doug Matheson

Mr. Mayor

Kevin Rothrock

Yes, sir.

Doug Matheson

I'd like to ask the Mayor and Council that I'd be recused for this as Rumble is one of my customers.

Charlie Sellers

Yes, you may Doug. All right, Mr. Rothrock. I'm gonna leave it in your hands.

Kevin Rothrock

Good Evening Mayor and Council I want to present a special use permit to you on behalf of Rumble Presbyterian Church for their fellowship hall edition. They are requesting a special use permit. To add this the property is zoned Town Center and office institutional the front part is zoned Town Center. The rear is office institutional and is just partially located in the watershed and it really the front part of the front of the property. This new fellowship hall they will also repurpose some other areas of the existing church facilities. And new entryways are proposed and relocated playground. I'll walk through the the architectural plans and renderings in just a moment. You've probably noticed that the Rumble House has been under construction and renovation. But that's not part of this application that was all interior or some exterior stuff, but no additions in that. This property, if you notice from the site plan and the staff report is actually four properties. And so one of the requirements in the special use permit is that they combined those four properties before they get a CEO for the new addition. This is the existing property as it is with the sanctuary and the education building the keys chapel, the Rumble House here, and what did y'all call this? The youth cottage, it's already been demolished. The playground was in this area. And then this is where the fellowship hall is going to be located. They're adding some walkways here, in between the buildings, and then some new drainage to pick up the drainage inside this and carry around his backside. And for this new addition, I think I explained it in this in the staff report, there'll be adding some stormwater detention in this lower parking area before it releases to Wallingford. As proposed, they're not proposing any new parking for this project. This will serve their

existing congregation. The rationale and there was an attachment in your in your report that much of the existing parking at the church is used by the public during the week. And the public parking is widely available in downtown during Sunday church services. And so there's some sharing going on. And so that narrative explains that in the planning board, as they reviewed the project, they recommended that the parking requirement for a church, you have one parking space for every four seats in the sanctuary, and then additional one space where every 200 square feet of the remainder of the building. And so the planning board, through their review, they recommended that that additional section of one space for 200 square feet be eliminated from our parking standards. So if that's the feeling of Council, I will draft an ordinance to amend that if that's your feeling on it is separate from this but I want to point that out the planning board and their review. That was their recommendation. I did mention stormwater management and how they'll be handled for the additional impervious areas being added that'll be collected here and slow that water down before it leaves, it's emptied into Wallingford in the storm drainage not into the street. This is from the front yard of Rumble, you see the construction on the Rumble House. This is looking at that same view with the new covered walkways being added. This is from the rear of course, as I mentioned, this has gone and this is the addition they're proposing with a new entryway into that fellowship hall and then bringing this one out. And then showing the additions and everything the stones and the beams and everything ties into the existing structure as it is today. An overhead view showing the Rumble House and then the fellowship hall being added back here and the playground being moved back into that corner over near the property line with Town Tavern. So everything is complimentary in their design, what they've laid out and in the design of the building. The Planning Board recommendation was to approve the special use permit with the condition that the parking be sufficient and what they currently have and in the arrangement that they have in other places and having the public parking available on Sunday. Provided is a draft special use permit for your review the plans that you you've looked at here, so I'll be glad to answer your questions. members of their team are here to answer questions that maybe I can't but that's it. Any questions for me?

Charlie Sellers

Council? This public hearing is open so

John Calvin

Since I'm sworn in, my name is John Calvin, I'm chairman of the building committee. And with us tonight is Kathy Beech, who most of you know is our pastor. Alan Crease is our civil engineer, Scottie Smith is our architect out of Charlotte, and they kind of concentrate on church issues and designs. And that's Billy Worsham, who some of you know, and he's a elder liaison. Don't want to take any amount of your time. But this is a really exciting project for us. The good news is the financing. We did a capital campaign during the COVID, and we have the money to do the project. We're going to do it in phases, so not to disrupt the operation of the church. As Kevin mentioned, on the parking that was kind of an anomaly that we ran into, we meet the parking space requirements for the pews, but if you had an extra square foot of the church, we don't, but you know, when you think about it, when they're in the church, they're not in the other parts of the area, of the buildings when they're in the other parts of the building, they're not in the sanctuary. And one last thing our sanctuary has not been changed that is going to remain as is it was built in 1912 and we're going to keep it that way. This will just give us some more operating space. So be happy to answer any questions if you have any.

Charlie Sellers

Okay, is there someone else that would like to speak on this project? Any questions Council? David

David Harwood

Yeah, Kevin can you outline the conditions?

Kevin Rothrock

Sure, the ones in the special use permit?

David Harwood

Yes sir.

Kevin Rothrock

Anything specific or

David Harwood

I guess are we losing any parking that we currently have?

Kevin Rothrock

Might be one space where dumpster areas proposed if you're familiar where everyone walks through, parks and walks through to Town Tavern, right and that area is that place that they would like if they need a dumpster that's where they're looking to put it.

David Harwood

So we're not losing any of those spaces behind Keys Chapel?

John Calvin

The handicapped spaces, that are behind Key's Chapel and are really located to the main parking area.

David Harwood

So is there a net difference?

John Calvin

We will lose one space due to the dumpster

Aaron Miller

Which is looking at trying to put it in right here. Right where the enclosure

David Harwood

So where's the where's the dumpster going?

Kevin Rothrock

Right there.

David Harwood

Okay.

Kevin Rothrock

Currently they have got rollouts stuck in the hedge.

David Harwood

Ok and mechanical units, HVAC compressor? Yeah, just you know what we struggled with the museum?

John Calvin

Yes.

David Harwood

Actually, you were you were the chair on both sides of that street for both projects.

John Calvin

One of the things, and this is just a comment that I would just like to bring it up. Right now everybody that parks during the week walks through the between the sanctuary and the Rumble House and we thought well, the building is going to go right up against Keys Chapel. So we added a new sidewalk where people will still access Main Street. Even though you didn't ask that question.

David Harwood

I think it's a really attractive design. Mr. Smith.

Charlie Sellers

Do I have a motion to close the public hearing?

Melissa Pickett

So moved.

Pete Gherini

Second.

Charlie Sellers

Any additional discussion? Do we have a motion?

Albert Yount

Motion to approve.

Charlie Sellers

Okay do we have a second?

Pete Gherini

Second.

All

All in favor of the motion.

Charlie Sellers

These next two items, the USDA application to apply is a public hearing, but it's not quasi judicial. So I will let Mr. Doug Chapman lead us off.

Doug Chapman

Thank you, Mayor and Council. We've talked about making a number of improvements to the town's water and sewer systems. I want to go ahead and start we've talked about work at the water treatment plant we've done upgrades in the past, we did electrical upgrades. We did some backwash water upgrades. We upgraded a filter. We've done a lot of different things at the wastewater plant with aeration and sludge and fixing basins and leaks and that kind of thing. In 2014, we did bonds with projects and replace water lines, sewer lines that included Sunset. The next big project identified was the Main Street water and sewer lines replacement. We were fortunate that the town received state funding for that project. So that that's a real immediate need. But that project is moving forward. Well, we've talked about that before. But the real issue that remains that we had talked about doing with the Main Street project were improvements at the water plant improvements at the wastewater plant. So we talked about what are the funding opportunities? Well, in the past, we've gotten clean water and drinking water SRF funds for both of those plants. In the past. We've looked at what kind of ARPA funds are available through different resources. And we looked at USDA for loans. This town isn't eligible for grants through USDA, but would be eligible for loans. And we look we did this actually probably a year and a half ago. Well, maybe a little more now when we talked about USDA and payback and alone and what that would do for us. So in looking at the identified problems that still remain that might be eligible for funding and looking specifically at USDA. We've looked at adding the maybe lift station to that project to that process. And we're going to replace the pump station pretty much completely in the general footprint of where it's at, not in the same spot but nearby. So They'll still be a pump station there, it'll look a little different. When we get done with it better, I will say. And then we'll replace the section of force main, from there up to Wallingford, and Pine Street. Some of that will be done, discuss it as the next item on the agenda. But we would submit this as part of a package. So we package this, maybe lift station, along with improvements at the water plant. That includes, as we've looked through the whole plant, we're replacing the flocculator equipment, we're replacing the high service pump and valve, we're replacing a finish water pump and the other, there's two of each of those, the other ones have been rebuilt. So in an effort to try to save some money, we're taking the ones that are recently redone, and keeping those and replacing the older ones, we're going to replace and relocate the turbidity meters, so they can be easier to access a little more operator friendly, there's a lot of valves, piping, bolts, etc, that are very rusty that need to be repaired, some of the bolts will be replaced, all it'll be cleaned up and painted. We've talked about that project for, I guess, 17 years now, we've taken the most critical pieces first. There are a few electrical things that we're going to do and we're going to add a portion of SCADA to the facility. So it can be monitored remotely, when there are problems. At the wastewater treatment plant, there's a similar list of issues, the bar screen that's been

in for a while now needs to be replaced, we need to we'll put a new aeration system in the digester going with diffused air instead of the floating digesters, we're gonna do some improvements to the implement pump station. Those parts I don't think have been replaced, they've been maintained over the years, but I think they're original to the 1988 construction. Okay, the operations building, roof will be repaired, and, you know, electrical improvements associated with all of those and some SCADA installation at the wastewater plant as well. So those are the things that have been identified to go into a project that we would submit a USDA funding application for. So we prepared an engineering report, we had to prepare some environmental information to get a categorical exclusion, proof all of that has been done, the next step is submitting everything to the funding application online. So after tonight, after the the approval to apply, for the funding will finish the application, once that's considered by USDA, they'll come back and make a funding award announcement to the town that gets accepted, then we will begin the design work, all the permitting bid the project and do construction. So that's sort of the process of the next steps to happen.

Charlie Sellers

Questions?

Pete Gherini

Doug what do you think the time frame for all of that is?

Doug Chapman

The variable is probably the USDA piece of it. I would hope that we would hear back from them probably in the spring, they don't have a set schedule, like some of the funding programs. It's more of a it rolls all the time. So I suspect that it will probably be mid late spring before we hear back. And then this project's probably got about six months worth of design and permitting. And then there's a bidding process. The USDA is involved in all of that. So all of that takes a little bit longer. I would expect it will probably be about the end of '23 or the beginning of '24 when we would go to bids it's something like that.

Doug Matheson

I know it's probably a little off the wall, but do you have any idea with the work you've done approximately what kind of price we may be looking at?

Doug Chapman

You know that's a question I should have been prepared for. I believe yes, I do. I just don't know it off top my head. I believe that final amount is \$4.6 million. If I may, so we have estimated the lift station about \$1,000,004 with everything included in it and then the plants were right at \$3 million I think give or take \$3.2 is what we're estimating without knowing full cost within. So about \$4.5 or \$4.6 million within that number Can we elaborate on obtaining the interim financing. So what happens with the USDA funding project is they agree to funding, but they don't give you the money until everything's closed out. They don't technically give you the money. So you will go to a bank, well you'll advertise for interim financing. And you'll get it basically like a construction loan, where you pay the interest. I don't know, if you pay the interest all along the way, you do, okay. All along the way, during the project, and

then when it caught when you finish and they approve everything, you end up converting to some type of permanent sometimes with the same institution sometimes not.

Shane Fox

If I may elaborate a little bit further, we began this conversation without the knowledge of our general assembly allocation within that. So if you if you kind of recall about two years ago, we started the conversation with the updates that were needed Main Street water, Main Street sewer, and then our plan upgrades. And we talked about phasing in our planet upgrades along with the lift station last year at the retreat, having knowledge of the fact that we were able to move forward with our Main Street project, we then pushed this to our USDA loan application side, which allows us to extend out the terms of this for 40 years. And so this is what we're applying for is a 40 year loan, which allows us to extend out and essentially smooth out that debt service, our current rates that we put in, increases in the water and sewer this past year, was put in place because of this loan. So not to say that we won't have additional increases going forward. But the increases that we put in were absolutely with this particular loan and this amount in mind. So that doesn't necessarily say that you have to move forward with it. But we have put rates in place to offset the debt service in order to be able to account for the \$4.5, \$4.6 million number over the 40 year term. So that was part of the consideration that we talked about last year during the retreat when we talked about our debt capacity within that kind of what our appetite was. So we have put in place the rates that are needed. If we were to go forward with this and move forward with this process within that some of the unknowns we didn't know about the timing of some of the permitting and things of that nature that have taken a little bit longer. Towards the end of tonight, I'll give you updates on the other bids, and they're all set to go to bid in the next seven to 10 days. So this one not going to be until maybe later this year. Our urgency that we talked about earlier was what that sewer line, especially with the leaks that are happening with that. So that topics coming up in a little bit. Don't want you think that delaying this is going to be critical? I think we've got some things that we can do in the interim that like the sewer line and some other stuff that we may need to do a little bit sooner than that. But that overall project, it taking a little bit longer. And allowing us to go through this process and allowing us to go through USDA and that 40 year term does allow us to smooth over that debt service a little bit better, without having to raise rates necessarily anymore to do that.

Doug Matheson

Is a sewer line included in this then?

Shane Fox

It was originally included, it will be excluded as long as it's approved later tonight.

Doug Matheson

Right? But I mean, we're still looking at recouping it through this?

Shane Fox

It would not be recouped. We would not apply for the sewer line portion of that as part of that. And I'll talk about that in just a little bit about how we plan on paying for that it's actually going to be out of leftover bond money from 2014.

Doug Matheson

I'll wait until we get to there. And my second part of the question.

Charlie Sellers

This public hearing is open. If you would like to speak on this particular issue. Okay, motion to close the public hearing.

David Harwood

So moved.

Charlie Sellers

Do I have a second?

Melissa Pickett

Second.

All

All in favor.

Pete Gherini

I'll move that we approve the application moving forward.

Doug Matheson

Second.

Charlie Sellers

Any further discussion?

All

All in favor of the motion.

Charlie Sellers

Moving right along. Before we go to the change of use table, I would like to welcome Braxton Eggers another county commissioner that just came on board, congratulations. Once again, thank you, gentlemen for joining us and taking this time out of your busy schedule. This is change of use table, Kevin Rothrock.

Kevin Rothrock

I believe it was last month I was before you with this initial request. And so to update and discuss the draft ordinance. So single family with accessory apartment uses. They're allowed in all residential zoning districts except R15 and RMH, RMH being the mobile home zoning district. They're allowed with the approval of a zoning permit in the residential districts. And they're also allowed in the non residential zoning districts but with a special use permit. Duplex and other two family uses are allowed in the multi-family residential zoning districts and the non-residential zoning districts with a special use

permit. One and two family construction in North Carolina is exempt from regulation by local jurisdiction architectural design standard. However, duplex construction is still subject to other provisions of land use ordinance. Include landscaping, watershed, stormwater detention, and some and several others that are listed in land use code. In November, Council asked the planning board to evaluate the use table and determine if it's appropriate to require only a zoning permit for these types of uses. So in November, the Planning Board reviewed this and discussed the implications. And at that time recommended that single family with accessory apartments and duplex and two family uses be permitted through a zoning permit in the zoning districts where they're currently permitted through special use. I included some definitions of the different various uses duplex, residential multifamily single family single family and accessory apartment. Two family residences townhouse in two family conversions. Also attached is a draft ordinance that was highlighted that would show those areas of the use table that would change if you decide to approve this where the special use would be dropped from these type of users and just be amended to a zoning permit. These uses are not being introduced into any new zoning districts. They're still in the use of zoning districts that they're currently allowed with special use. But zoning permit is is the recommendation from Planning Board. In the draft ordinance. There are two specific comprehensive plan policies that are addressed. Policy LC 3-4 and LC 3-5 the first one says that the encourages the expansion of housing choices through allowing accessory apartments and associated single family dwellings in appropriate zoning districts. Again, we didn't expand that into any new districts. But in the non residential Town Center in General Business, allow those uses to be approved by a zoning permit and then LC 3-5 of the Comprehensive Plan allows multi-family use by right. In additional base zoning districts, now we didn't do that either. But it encourages greater housing diversity and it lowers the barrier to entering the housing market by making the process easier and simpler for those that are wanting to add those types of uses to their property. So I'll be glad to answer questions and this comes on the recommendation from the planning board.

Charlie Sellers

Okay, the public hearing is open, is there anybody in the audience that would like to speak on this change. Okay, do I have a motion to close this public hearing?

Pete Gherini

So moved.

Charlie Sellers

Do I have a second?

David Harwood

Second.

Charlie Sellers

Any further discussion?

Doug Matheson

I make a motion that we adopt this changing in use table.

Pete Gherini

Second.

David Harwood

I have question, Kevin, how often are we? I mean, what's the frequency of the request we have

Kevin Rothrock

It is not very frequent. But in the last couple of years, we've had a few more make this request on a particular piece of property in general business. And so my explanation Well, if you want to do this type of use, you have to go through that special use process. It has come up more in the last three or four years, but still not that common. Because those properties are already developed a lot of these properties this would be an option. There are some that they already have a single family home on. And they want to add the accessory apartment in maybe downtown. And so the process has special use. But to answer your question, not that often.

David Harwood

But not in general business or central business.

Kevin Rothrock

Well, when I say town center, central business and general business too out on 321.

Charlie Sellers

We have a motion we have a second. How do you all vote?

All

All in favor.

David Harwood

Thank you to the planning board for their hard work.

Charlie Sellers

Regular agenda disposal of town assets. Unfortunately, Mr. Norman is under the weather so we're gonna defer to Shane Fox.

Shane Fox

Thank you Mayor and Council for allowing me to speak tonight towards surplus equipment. So exciting topic. I'll read a few things here that are required to read to you pursuant North General Statute 160A 270C. Town Council is authorized to sell personal property by electronic auction upon adoption of a resolution authorizing an appropriate town official, myself, to dispose of personal property belonging to the town by public auction. Resolution 2022-01, which I'll show you in just a few moments authorizes the town manager or his designee to sell the property via electronic auction on gov deals.com. items to be sold include a 1997 Chevrolet C8500 leaf/dump truck and a 2006 Freightliner class M2 garbage truck. These vehicles have been removed from service and can no longer be used by the town and therefore we would like to sell them via govdeals, auction. Gov deals will be compensated 7.5% of the

total gross sales price for the sale the auction proceeds to sign a contract that gov deals on July 10, 2007 for disposal of surplus items utilizing electronic auction method. And so you'll see here behind me a copy of the resolution. I also want to point out so you allowed by resolution and 2017. A resolution 2007-03 to allow the town manager to authorize sale of equipment under \$30,000. The reason we're here tonight is because we believe in today's market. Neither of these trucks are operational, but the parks themselves very well could exceed \$30,000. Therefore, we thought we played safe before we received any potential bid that would exceed \$30,000 is going to come before you tonight and receive permission to move forward with this. We're in hopes of receiving as much as obviously we can. But just our sense of caution. We're here tonight to hopefully receive approval on the resolution to move forward with listening these deals. Mr. Blackburn is here. These vehicles are both have both operated under public works. And if you've got any questions towards the history of these vehicles, I'm sure Blackburn would be more than happy to answer that. I'll be happy to answer any questions for the process.

David Harwood

I had one question just to clarify the commission earned by Gov deals it's paid by the seller or the buyer.

Shane Fox

The Town is paying for that cost out of the proceeds. These vehicles have been out of service for a number of years, is that correct?

Charlie Sellers

Do we have a motion?

Melissa Pickett

So moved.

Pete Gherini

Second.

Charlie Sellers

Any further discussion?

All

All in favor of the motion.

Charlie Sellers

Okay, great moving right along. Laurel Drive sewer line replacement. Back to Mr. Fox.

Shane Fox

Again, thank you, Mayor and Council for allowing me to speak tonight. I'll ask Mr. Blackburn and Mr. Chapman, if they would come into the room in case you have any technical questions. With this particular project we mentioned a few moments ago about our lift station in Mayview, Mr. Yount

mentioned that we hope to have some type of celebration or morning of the lift station. Unfortunately, our sewer line that extends from Pine Street down Wallingford and Laurel Drive into this lift station has had a number of issues here so if you will allow me I'll read the staff report. The Town of Blowing Rock currently owns and maintains a six inch pressure sewer line that extends from Pine Street to the Mayview lift station along Laurel Drive, the sewer line, unfortunately has falling into a state of disrepair with over eight occurrences of failures just in the past several years. Replacing the line has been included in the upcoming Mayview lift Station project or the USDA project that you just heard Mr. Chapman talk about the moments ago. After the most recent failure was determined. The timeline for replacement for the line was immediate. The USDA proceeds will more than likely process will more likely take upwards of a year and you just heard that timeline from Mr. Chapman. Staff is working with McGill and just obtained a quote from Iron Mountain Construction to replace the line for the \$58,070. The repair will hopefully take place hopefully within the next month, I believe and would not have any negative impacts on the overall lift station project. The monies for the replacement will be sourced from unspent sewer monies related to the 2000 bond issuance and the upgrading the sewer lines related to the upgrade of the sewer lines along 321. That resulted in a favorable budget outcome. The monies will be spent from fund balance to cover the cost of this project. The request is to allow town staff to move forward with the replacement approximately 500 feet of pressure sewer line to rely on the six inch Pine Street to approximately close to the Mayview lift station and utilize existing authorized but unspent bond money that occurred due to favorable budget outcome funding. I do have a map here that may be a little difficult to see the details the purple line, so this particular area on Pine Street was replaced three years ago. So we're really talking about from the corner here. And now on to Laurel Drive, which is a gravel road. Here's Rumble, here's the parsonage from this corner, down 90 degree turn on Laurel Drive. And I think we're talking about ending it somewhere in the middle of the woods right now. Is that correct Matt? Lt's about 500 feet, the full length of what we're planning on replacing from here to the lift station is about 700 feet. So the 500 feet that we're talking about the most critical piece within the last 200 feet, it's kind of a tie in portion. Fair to say within that. So what we're asking tonight is permission to move forward with just that 500 foot section that we've had continuous issues with I think everyone would agree a number of occurrences this over the past few years that have had an unfortunate results. This is a quote we obtained from Iron Mountain Construction \$58,070 kind of detailed approach here. And then we did include, if you do allow for us before with this approval of the budget amendment to move some of those unspent bond monies. So as part of the upcoming year, we do have phase four of the bonds that were issued, or allowed or authorized in 2014. To move forward with. Part of that reconciliation process Ms. Norman has worked through did find that we did have some unspent bond money related to sewer, specifically along the 321 expansion and upgrade within that. So what we're proposing is to move those unspent bond monies that are left over because of the favorable outcome within the 321 sewer project over to this project allow us to then move forward with that. From a technical standpoint, I think Mr. Chapman or Mr. Blackburn would be more than happy to jump in and answer your questions. But I'll be also happy to answer any questions if have any.

David Harwood

Is all of this underground?

Doug Matheson

I've got probably a two part question one, the \$200 one will replace the lift station. Correct?

David Harwood

Yes sir.

Shane Fox

Correct, yes, sir.

Doug Matheson

While we have got the road dug up down through there, why don't we replace that old two inch galvanized water line goes down through there.

Matt Blackburn

We talked about that as a possibility. We're not 100% sure. We don't think that line loops all the way around. We think there's one that comes out Wilmont and one that goes down Laurel Drive, sort of kind of figure out a way to see what our options are with that. With that being a gravel road it be a little bit easier to go back if we need to later.

Doug Matheson

I just know that we have so many leaks on it all the time.

Matt Blackburn

Yeah, and the majority of the leaks that we've had on that road have been sewer line. I went back with Mark, I think we've had to water leaks on it compared to 10 water main breaks. So I think a lot of them get called in as water leaks originally. But yeah, the waterline is something we've talked about and hopefully we can address.

Charlie Sellers

And we have to report a leak, a sewer leak when it exceeds what quantity?

Matt Blackburn

1,000 gallons or reaches surface waters.

Shane Fox

And unfortunately, this is seems to be both in that particular area within that. So without giving away too much of some of the thunder at the retreat, we also have been able to find, so to speak some extra water monies that we had not spent during the first and second third phase of the bond issuances as well. And so part of the discussion that we're having internally as a staff right now would be the prioritization of those unspent bond monies. And the two inch lines, the galvanized lines we have within the town definitely have come up recently, as needing to be replaced this particular area, and we didn't look at this is not a looping. So it's essentially a two inch runs here from the corner, we have made a tap recently to the parsonage, so we have tapped this into the line of Wallingford above the two inch line that does run along Wallingford. I think about right here and stops. And there's a gap here and then it picks up here and comes back and it ties in. If we were to do that, then obviously we've played on looping that back around. I'm not sure the purpose, why it wasn't looped in during these days within

that. But we did plan on bringing to council during the retreat, some thoughts on how to maybe move forward with spending some of that unspent bond money for 2014, 2017 and 2019. And this very well may be one of those projects that we bring along with a couple other options within that. We unfortunately didn't think through that didn't have some of those numbers when we started this process with Iron Mountain and moving forward with that. It kind of felt like there was an urgent need right now to go ahead and move forward with replacement this line and then talk during the retreat about potentially going onto that 2 inch line as well if that satisfactory Council during that conversation.

Doug Matheson

Anything we can do to reduce Matt and the guys have been out at midnight.

Charlie Sellers

Do we have a motion?

David Harwood

I'll make a motion to accept the proposal for the Laurel Drive sewer line replacement.

Albert Yount

Second.

Charlie Sellers

We have a first and a second any further discussion?

All

All in favor.

Charlie Sellers

Thank you. Well, ladies and gentlemen, just a few comments from me. I would like to thank the Walker family, Brandon Walker, they purchased turkeys for every town employee is that correct? We thank you so much, Council, thanks you, our Town employees really appreciate it. And secondly, the Walker family also led the way and donated shields to our police department. How many shields? Yeah, two ballistic shields, these are bulletproof shields. Brandon approached us, as he has before and offered to help support a project. And the projects that we were thinking through how they're going to finance was the replacement of ballistic shields at Blowing Rock Elementary School. So Brandon was on board with that project and we certainly appreciate that very much so we're looking at purchasing two ballistic shields. Very good thank you. I want to say Merry Christmas to all of our citizens. Merry Christmas and Happy New Year to all of our town employees to the Council. done a great job. And I hope everybody's holidays are safe. If you travel be careful. Hope everybody stays in good health.

David Harwood

Yeah, I have two things. First, I really enjoyed myself at the town of Blowing Rock employee Christmas dinner, I want to thank everybody on town staff that was involved in planning that and executing that. It was very memorable. And it really showed what the family, the Town of Blowing Rock is. So thank you for including me in that. And I really appreciate my new swag. The second thing is I want to thank Chief

Miller for jumping off a building literally, in Raleigh. If you don't know it, my daughter My oldest daughter works for Special Olympics North Carolina. And had she been aware that you were going to be in Raleigh, she would have been in attendance at an event. She covers the school systems based on old school systems from Greensboro to the Tennessee border. And but if you don't know, Chief Miller participated in a fundraiser for Special Olympics. In honor of a very special friend of his and you had to repel from what floor helped me.

Aaron Miller

The tallest building in Raleigh, which is 300 feet. It was a lot of fun for a good cause.

David Harwood

So thank you for doing that. Especially was meaningful for the Hardwood family.

Melissa Pickett

I would also say that I highly enjoyed our town Christmas party it's hanging out with staff is amazing. It proves to me the town that we live in. I've seen our staff together as a family and just so proud of our staff and the hard work that they put in. It's great to see them all together and enjoying themselves for change and not in a hole at 2 am on a Friday night. It's nice to see everybody relaxed and having a good time. So and I hope they have the best holidays with no issues. Fingers crossed for you. If not, you can call me come bring you coffee. Probably don't want me running equipment but I'll bring coffee.

Doug Matheson

I'll start off with the good and go to the bad, the good is the Christmas party was great. My wife said it was the best one we've had yet. Thoroughly enjoyed that. thank the staff always thanked the employees for everything they do. I thank Mr. Braxton and Mr. Castle out there, they will now go and find out more real job it is? How many hours that you can spend in this so good luck, gentlemen. And thanks so much for coming over here to Blowing Rock, it meant a lot to this Council to see ya'll out in the audience tonight. A little bit of the bad news, I just got done with risk management meeting in Raleigh. And it doesn't look good for the insurance this year. So one of the things is you can't let Aaron be on the garbage truck. I can already tell you, that's a no, no, that's not no more. But it looks like with discussions that we've went through that it's going to be a double digit increase on insurance this year, a lot of it has to do with Hurricane Ian is probably gonna go down as one of the most costly catastrophes that we've ever had. In one day, it costs more than what funding can really handle. They had to dip into their reserves. That and they say some of the more outrageous jury awards that we're seeing anymore, has really driven the price of insurance. That was the bad news of it. But I do wish everybody a Merry Christmas.

Pete Gherini

Thank you. I have a couple of things. First of all, Todd, and Braxton, congratulations. I know, you know, because you've been briefed about the ambulance situation. And, you know, we've been kicking this can down the road for some time. And it's really time to get some resolution on this. So we'd appreciate any help you guys can bring to that. Because, you know, it's not a good situation. So we'd appreciate anything you can do to help that. If you need any information, Mr. Fox is a Encyclopedia of everything that's been going on. So secondly, we had our TDA retreat, and went through a lot of stuff, five hours.

And I'll just highlight a couple things. And I'd like to acknowledge because a couple of meetings ago, I acknowledged the ABC contribution and I say we need to acknowledge TDA's contribution to so that's one thing. Tracy did mention, you know, the scheduling issue, which we've talked about, and we've agreed to put that on the retreat so we can get some continuity and clarity on that to kind of clean that up. We made some approvals on the wayfinding we approve \$78,000 to move forward with that project. Destination by Design, I think is going to be the lead company that's going to do that those are the people that have done it down in Boone and I think Boone looks really good with that. So that's moving forward. We also approved an RFQ for the branding discussion. And that will I guess we can talk about that at the retreat too. And so I think that was about it. And it was a good meeting we got a lot done and thanks to Shane and Nicole for all their input

Shane Fox

I have a few updates tonight so bear with me. I'll start back what feels like a while ago with our lighting of the town and the parade took place. Thanksgiving the Friday and Saturday. Thank you all departments and staff that helped out the lighting of the town, I want to thank Parks and Recreation staff, they always do a tremendous job. Without a headcount, I would venture to guess this was the best or the largest one that we've had, we'll say a couple 1,000 folks in attendance for that the parade on Saturday, the weather could not have been better. Thank you to all town staff truly that pitched in. During that process this year, we did things differently. So of course, last year was the first year of not having cars on Main Street. So that was continued on this year. This year was really the first year that we put full effort into blocking all intersections with large vehicles, dump trucks, fire trucks, things that nature. So that took a tremendous amount of staff to be on hand to be able to move those and attend to that all police staff, including our reserves were on that morning as well. Thank you to ASU and the Town of Boone for participating in assisting us with some of the police protection that was in attendance that day. Again, thank you to everyone that participated with the parade and lighting up the day on I don't think it could have gone off any smoother than when it was Christmas party. Again, thank you to the staff, most notably, park recreation, again, did a tremendous job. Those two weeks were busy weeks for them putting together all of these activities for the town for the tourists, and then concluding with our town Christmas party, which I thought was fantastic. And thank you to the Council for coming and participating in that. Public works, I think we call it water leak season, I think that's a fair call. So we've had three water leaks since our last meeting. They always happen on a weekend. And they always happen at night, if you've noticed within that. So we have one on 11-19 and other 11-29 and then one last Friday, at Chetola. So our peak hours there seem to be around six or seven, eight o'clock in the evening until about two in the morning. Thank you public work staff for always jumping in and taking care of the needs of the town. I've worked in many places. And I've shared this before, where that's not always the case. So on a Saturday night, like never have the night teeth when a call comes in. I think at six o'clock we have a water leak on Main Street. That same repair was done by 10 o'clock that night on the Saturday so thank you to public work staff. And thanks to the fire department. On November the 20th, we had a pretty expensive fire in the BlackBerry area that's outside of town that does include all of our fire personnel that worked a full day to be able to attend to that fire. And appreciate the fire staff within that projects, couple updates on some projects Laurel Lane is complete. So that was a FEMA funded project. That's now complete. So we'll leave it at that. Luckily, it was fully funded by FEMA. And I think the outcome is good just took a little while to get there. So we're appreciative of the staff and all the work that went into that. We talked earlier about some of the bids

that are coming up, we'll say in the next 10 days. To be fair, maybe less than that, we'll have a number of bids going out. The largest being our Main Street project that does have a water line bid a sewer line bid, a underground utility line bid and a sidewalk line within that. So that will go out within the next seven days. I think that's fair to say. And those bids are going to be back prior to the retreat. And we'll open those and then we'll utilize the retreat to have those conversations about what those bid outcomes look like, are PARTF bid again, similar timeframe. So we're looking to have those bids back. That's our parks and recreation grant funds that we received or more of a park upgrades and includes expansion of the bathrooms retrofitting the current bathrooms or upgrading the bathrooms, additional sidewalks ADA accessibility walkways into the park, new pickleball courts, refurbishing the tennis courts, along with some additional lighting, seating, additional picnic area for the playground. And then one additional feature to the playground. Again, I didn't mention on the Main Street project, the \$4.8 million from the general assembly. Thank you again to Ray Indiana for assisting us within that the part of Project is a combination funded, we hope fingers crossed between the \$500,000 part of grant that we received this past year 2014 bond issuance which has about \$450,000 left that will issue this spring, along with contributions from the TDA as Mr. Gherini said, and ABC that was mentioned within that so hopefully that project as our fingers are crossed will be funded of using those mechanisms and not require any additional funding to move forward with that. But again, we'll utilize the retreat to walk through the results of those bids. And discussion. last project that we are planning to bid out in the next seven to 10 days would be our AMI water meter project. Again, that will go out and we're hoping to have bids back prior to the retreat and we can discuss options that we will have moving forward with potentially replacing our current manual read system with AMI technology, which will allow much improved and much needed customer service benefits along with allowing us to fully understand our water system a little bit better loss, water etc. Within that, we do have some funding options for you to present. We talked a little bit about this last year including potential bond money, and then some unspent monies as well that we're gonna discuss within that. So their treat is going to be fun and exciting times to talk about all of these projects and all the details. For everyone. Just a reminder, the retreat is scheduled for January 30, 31 and February 1st, three days at the American Legion a couple of dates I'll bring up as I finish up our January Town Council meeting. We are planning on discussing paid parking, not asking for decisions to be made. We are hoping to leave you with questions during that timeframe that we'll be answered a little bit more in depth during the retreat as well. So you can start putting together a picture of the agenda of the retreat as I go through some of this stuff. Our Town Hall is closed for Christmas on Friday, the 23rd and Monday the 26th and Tuesday the 27th. And just a reminder as we're getting into snow removal season as well. We do have our signs posted on Main Street and Sunset that reminds individuals not to park along those two streets between 1am and 9am when we have snows excessive of two inches because of snow removal within that so we put those signs up now a few weeks ago with the anticipation of snow so far we haven't had any so maybe that's good luck that it's not there. Be more than happy to answer any questions other than that, just wishing the staff and everyone a Merry Christmas.

Charlie Sellers

Thank you Okay, ladies and gentlemen, we will be going into closed session but first will take a break to say hello to Braxton and Todd and tell the Walker family once again. Thank you. So we're gonna take a 10 minute break. We will be going into closed session afterwards and they possibly would be a decision made hackery come out of closed Session



TOWN OF BLOWING ROCK

1036 Main Street • Post Office Box 47 • Blowing Rock, NC 28605

Release Request No: 2022-6

I Herby Request Release of Tax Under G.S. 105-381 for the Following Year(s):

Assessment Release	Tax Release	Interest/ Penalty	Total	Tax Year
		\$575.70	\$575.70	2022
\$3,900	\$15.21		\$15.21	2019
\$3,900	\$15.21		\$15.21	2020
\$3,900	\$16.77		\$16.77	2021
\$3,900	\$14.43		\$14.43	2022

Reason for Releases: Each year tax releases come up from time to time due to various factors, incorrect billing values, no longer to be billed (personal property) or clerical errors. The above amount was overbilled in value since 2019. As well as a property charged with a 10% penalty that is due to be refunded due to a clerical error with their bank.

Approved By: _____ Date: _____



Town of Blowing Rock

1036 Main Street ★ Post Office Box 47 ★ Blowing Rock, North Carolina 28605

To: Mr. Shane Fox, Mayor Sellers, and Members of Town Council
From: Nicole Norman, Finance Officer
Subject: Budget Amendment Ordinance to Account for Various Items
(Ordinance #2023-02)
Date: January 10, 2023

Enclosed please find a Budget Amendment Ordinance for the fiscal year 2022-2023 for your consideration.

Section 1 (General Fund) allocates funding as follows:

- Allocates amounts above budget collected or expected to be collected from the Sale of Fixed Assets (\$13,100) to cover additional leaf collection costs associated with damages sustained to the Town's leaf machine. As a note, this additional costs has been submitted to the Town's insurance carrier for coverage consideration. If covered, the insurance proceeds will cover the costs vs this allocation of additional revenues and a budget amendment will be submitted to make that change.

Please let me know if you need further details on the proposed amendment.

**2022-2023
Budget Amendment Ordinance 2023-02**

Be it ordained by the Town Council of the Town of Blowing Rock, North Carolina, that the following amendment be made to the annual budget ordinance for the fiscal year ending June 30, 2023:

Section 1. To amend the General Fund, the appropriations are to be changed as follows:

<u>Acct. No.</u>		<u>Current Appropriation</u>	<u>Decrease</u>	<u>Increase</u>	<u>Proposed Appropriation</u>
10-20-4500-040	Contracted Services- Street Dept.	\$ 60,000	\$ -	\$ 13,100	\$ 73,100
			<u>\$ -</u>	<u>\$ 13,100</u>	

This will result in a net increase of \$13,100 in the appropriations of the General Fund. As a result, the following revenue will be increased.

<u>Acct. No.</u>		<u>Current Appropriation</u>	<u>Decrease</u>	<u>Increase</u>	<u>Proposed Appropriation</u>
10-00-3400-398	Sale of Fixed Assets	\$ 10,000	\$ -	\$ 13,100	\$ 23,100
			<u>\$ -</u>	<u>\$ 13,100</u>	

Section 2. Copies of this budget amendment shall be furnished to the Clerk to the Town Council and to the Finance Officer for their implementation.

Adopted this 10th day of January, 2023.

Attested by: _____
Charles Sellers, Mayor

Hilari Hubner, Town Clerk

Special Presentation Agenda - Staff Report

To: Mayor Charlie Sellers and the Blowing Rock Town Council

From: Chief Miller

Subject: Alan Hunt Special Recognition

Date: January 10, 2022

Information:

The North Carolina Justice Academy has in place a certification program which recognizes officer who have complete advance level training in certain areas. There are six certification programs available in the areas of Leadership, Criminal Investigations, Community Policing, School Resource, Tactical Operations and Traffic Enforcement and Investigation. Each of these certificate programs require hundreds of hours of documented training in the area of specialty.

On January 3, 2023, Master Police Officer Alan Hunt received his certificate in the Tactical Training Certificate Program. This certificate program required a minimum of 400 hours of advanced training.

Congratulation to MPO Hunt for his outstanding achievement.

Mission, Purpose, Vision, & Values for the NC Year of the Trail

- **Mission:** NC Year of the Trail campaign aims to showcase and celebrate North Carolina's trails, encouraging ongoing participation, investment, and development among locals and legislators.
- **Purpose:** Year of the Trail celebrates North Carolina's vast and diverse collection of trails and encourages all of us to recognize our role as champions of these special resources.
- **Vision:** We envision a future in which each of the state's 100 counties experience the proven benefits of trails and advocate for their ongoing growth and development.
- **Values:** Participation, Inclusivity, Stewardship, Connectivity, Collaboration

Year of the Trail Goals

- Inspire people of all ages, abilities, and backgrounds to try trails.
- Demonstrate the importance of trails to elected officials.
- Boost outdoor recreation tourism across the state through Year of the Trail events in all 100 counties.
- Promote safe and responsible use of trails, with the Outdoor NC Principles.
- Advance diversity and inclusion on trails across North Carolina.

- Acknowledge the role of volunteers in building and maintaining trails.

Trails are valuable to communities because the benefits they provide are readily and freely enjoyed by a diversity of identities, abilities, and backgrounds, particularly for those who've historically and continually faced undue and disproportionate barriers to trail access. Therefore, we strive to build a North Carolina where trails are accessible, safe, and welcoming to all residents and visitors.



2023 YEAR OF THE TRAIL PROCLAMATION

WHEREAS, North Carolina's natural beauty is critical to its residents' quality of life, health, and economic wellbeing; and

WHEREAS, the trails that span across our state are an integral part of the recreational possibilities in North Carolina and promote an enjoyment of scenic beauty by our residents and our visitors; and

WHEREAS, the parks, greenways, trails and natural areas across our state are welcoming to all and provide a common ground for North Carolinians of all ages to access the state's rich and diverse natural, cultural, historic resources.

WHEREAS, North Carolina's natural assets and resources are integral to climate education and protection and integral to recovery and resiliency efforts for future generations.

WHEREAS, the state's nature trails vary from less than a mile in length to the Mountains-to-Sea Trail that stretches more than 1,000 miles from the mountains to the coast; range from rugged footpaths on mountain ridges to bikeways along abandoned railway corridors, from canoe trails down our state's rivers to bridle trails in the rolling Piedmont, from trails through state parks to footpaths and greenways through local neighborhoods; and

WHEREAS, trails offer quality-of-life benefits to all North Carolinians as expressions of local community character and pride, as outdoor workshops for science education, as tools for economic revitalization, as accessible alternative transportation, and as sites for social and cultural events; and

WHEREAS, the North Carolina Trails Program is dedicated to helping residents, organizations and agencies plan, develop and manage all types of trails ranging from greenways and trails for hiking, biking and horseback riding to paddle trails and off-road vehicle trails; and

WHEREAS, North Carolina also boasts many arts, history and cultural trails that celebrate the state's unique arts, history and culture; and

WHEREAS, the North Carolina General Assembly designated 2023 as the Year of the Trail in North Carolina to promote and celebrate the state's extensive network of trails that showcase our state's beauty, vibrancy and culture; and

WHEREAS, North Carolina is known as the "Great Trails State;"

NOW, THEREFORE, I, ROY COOPER, Governor of the State of North Carolina, do hereby proclaim 2023, as "THE YEAR OF THE TRAIL" in North Carolina, and commend its observance to all citizens.



2023 YEAR OF THE TRAIL PROCLAMATION

WHEREAS, the Town of Blowing Rock's natural beauty is critical to its residents' quality of life,

health, and economic wellbeing; and

WHEREAS, the trails that span across our community are an integral part of the recreational and

transportation possibilities of our area and promote an enjoyment of scenic beauty by our

residents and our visitors; and

WHEREAS, the parks, greenways, trails and natural areas in our community are welcoming to all

and provide a common ground for people of all ages, abilities and backgrounds to access our

rich and diverse natural, cultural, and historic resources; and

WHEREAS, the Town of Blowing Rock's natural assets and resources are integral to disaster

recovery and resiliency to climate change for future generations; and

WHEREAS, the Town of Blowing Rock's nature trails vary from the strenuous Glen Burney Trail, the trailhead of the Middle Fork Greenway, to the 27 miles of gentle Cone Estate trails perfect for runs, leisure walks and horseback riding; and

WHEREAS, trails offer quality-of-life benefits to all as expressions of local community character

and pride, as outdoor workshops for science education, as tools for economic revitalization, as

free resources for healthy recreation, as accessible alternative transportation, and as sites for

social and cultural events; and

WHEREAS, the Town of Blowing Rock assumed ownership of the Glen Burney Trail in 1906 and continues to promote and maintain the historical asset; and

WHEREAS, the North Carolina General Assembly designated 2023 as the Year of the Trail in

North Carolina to promote and celebrate the state’s extensive network of trails that showcase

our state’s beauty, vibrancy, and culture; and

WHEREAS, North Carolina is known as the “Great Trails State;”

NOW, THEREFORE, I, Charlie Sellers, Mayor, do hereby proclaim 2023 as "THE YEAR OF THE TRAIL" in

The Town of Blowing Rock, and commend its observance to all people.

Charlie Sellers, Mayor

Hilari Hubner, Town Clerk

FY 2021-22

Audit:

Pending LGC

Final Approval

TOWN OF BLOWING ROCK
NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2022

TOWN OF BLOWING ROCK, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2022

Town Council Members

Melissa Pickett
Pete Gherini
David Harwood
Albert Yount

Charlie Sellers, Mayor
Doug Matheson, Mayor Pro-Term
Shane Fox, Town Manager
Nicole Norman, Finance Director

TOWN OF BLOWING ROCK

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FINANCIAL SECTION



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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members of the Town Council
Town of Blowing Rock
Blowing Rock, North Carolina

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Blowing Rock, North Carolina (the "Town"), as of and for the year then ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Blowing Rock as of June 30, 2022, and the respective changes in financial position, and cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Town of Blowing Rock's Board of Alcoholic Beverage Control or Tourism Development Authority, which represent 100 percent of the assets, net position, and revenues, respectively, of the aggregate discretely presented component units as of June 30, 2022, and the respective changes in financial position, and where applicable, cash flows thereof for the year then ended. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Town of Blowing Rock's Board of Alcoholic Beverage Control and Tourism Development Authority, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under these standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Blowing Rock and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Town of Blowing Rock's Board of Alcoholic Beverage Control and Tourism Development Authority were not audited in accordance with *Governmental Auditing Standards*.

Responsibilities of Management for the Audit of 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Town of Blowing Rock's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect material statement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Governmental Auditing Standards*, we:

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 of Blowing Rock's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and the Total Pension Liability as a Percentage of Covered Employee Payroll, the Retiree Health Benefit Fund Schedules of Proportionate Share of Net OPEB Liability and Contributions, and the Schedule of Changes in Total OPEB Liability and Related Ratios be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economical, or historical context. We and the other auditors 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Blowing Rock, North Carolina's, basic financial statements. The budget and actual schedules and supplemental ad valorem tax schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The budget and actual schedules and supplemental ad valorem tax 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 other 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 by us and the other auditors. In our opinion, based on our audit, the procedures performed as described above, and the reports of the other auditors, the budget and actual schedules and supplemental ad valorem tax schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated January 4, 2023 on our consideration of the Town of Blowing Rock, North Carolina's, internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Blowing Rock's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Blowing Rock's internal control over financial reporting and compliance.

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
January 4, 2023

TOWN OF BLOWING ROCK, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

As management of the Town of Blowing Rock (the “Town”), we offer readers of the Town’s financial statements this narrative overview and analysis of the financial activities of the Town for the year ended June 30, 2022, with comparisons to the prior year, where appropriate. 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 Town of Blowing Rock’s assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$32,133,967 (net position).
- The Town’s government-wide net position increased by \$2,093,787, primarily due to governmental fund related activities.
- As of June 30, 2022, the Town of Blowing Rock’s governmental funds reported combined ending fund balances of \$8,098,789, an increase of \$95,531 in comparison with the prior year (before factoring in prior period adjustments). Approximately 49.52% of this total amount, or \$4,010,565, is non-spendable or restricted. The combined fund balance increase of \$95,531 consists of an decrease in the General Capital Projects Fund of \$65,018, an increase in the General Fund balance of \$156,647 and an increase in the non-major governmental funds of \$3,902.
- As of June 30, 2022, expendable, unassigned fund balance for the General Fund was \$4,044,257, or 33.56%, of total General Fund expenditures and transfers for the fiscal year. Though total fund balance increased, unassigned fund balance decreased due in total to an increase in total receivables outstanding at June 30th. Those receivables were by in large collected within weeks to months of the close of the financials. Factoring those collections in, unassigned fund balance would be estimated to total approximately \$5,254,774, or 43.11% of total general fund expenditures.
- The Town of Blowing Rock earned and maintained a AA+ long-term debt rating from Standard and Poor’s on its first, second and third of four planned general obligation bond issuances in February 2016, May 2018 and January 2020. An obligation rated AA differs from the highest rated obligations only to a small degree. The obligator’s capacity to meet its financial commitment on the obligation is very strong.

Overview of the Financial Statements

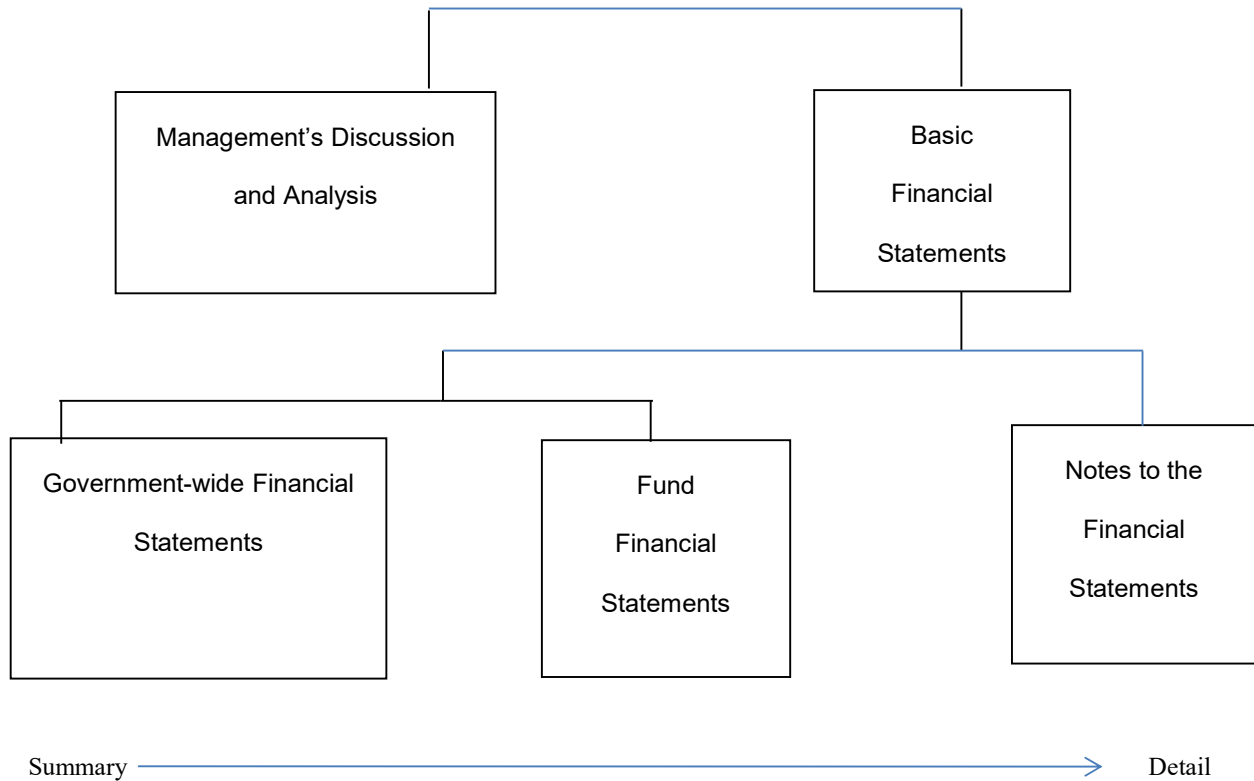
This discussion and analysis is intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). 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 Blowing Rock.

TOWN OF BLOWING ROCK, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

Required Components of Annual Financial Report

Figure 1

Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are 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 non-major governmental funds and internal service funds, all of which are added together in one column on the basic financial statements. Budgetary information required by the General Statutes also can be found in this part of the statements.

TOWN OF BLOWING ROCK, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

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 they have changed. Net position is the difference between the Town's total assets and deferred outflows of resources and the 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, parks and recreation, and general administration. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Blowing Rock. The final category is the component unit. Although legally separate from the Town, the TDA is important to the Town because the Town exercises control over the 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 2) 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 Blowing Rock, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Blowing Rock can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds – Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between governmental 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 Blowing Rock adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the differences between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

TOWN OF BLOWING ROCK, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

Proprietary Funds – The Town of Blowing Rock has one 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 enterprise funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements start after Exhibit 8.

Other Information – Combining and individual fund statements and schedules can be found beginning on page 67 of this report. Required supplementary information can be found beginning on page 60.

Government-Wide Financial Analysis

The Town of Blowing Rocks Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Assets and Deferred Outflows of Resources						
Current and other assets	\$ 9,205,530	\$ 9,134,604	\$ 2,457,748	\$ 2,857,648	\$ 11,663,278	\$ 11,992,252
Capital Assets	28,808,303	26,185,870	15,076,754	14,444,862	43,885,057	40,630,732
Deferred Outflows of Resources	3,089,121	2,186,628	562,887	395,591	3,652,008	2,582,219
Total Assets and Deferred Outflows of Resources	41,102,954	37,507,102	18,097,389	17,698,101	59,200,343	55,205,203
Liabilities and Deferred Inflows of Resources						
Long-term Liabilities Outstanding	16,834,975	2,543,034	3,860,576	739,470	20,695,551	3,282,504
Other Liabilities	2,679,102	16,014,519	777,286	3,987,151	3,456,388	20,001,670
Deferred Inflows of Resources	2,451,116	1,996,434	463,322	377,278	2,914,438	2,373,712
Total Liabilities and Deferred Inflows of Resources	21,965,193	20,553,987	5,101,183	5,103,899	27,066,376	25,657,886
Net Position:						
Net Investment in capital assets	19,599,680	17,383,049	12,193,077	11,320,994	31,792,757	28,704,043
Restricted	3,008,166	1,979,259	-	-	3,008,166	1,979,259
Unrestricted	(3,470,085)	(2,409,193)	803,129	1,273,208	(2,666,956)	(1,135,985)
Total Net Position	\$ 19,137,761	\$ 16,953,115	\$ 12,996,206	\$ 12,594,202	\$ 32,133,967	\$ 29,547,317

As noted earlier, net position may serve, over time, as a useful indicator of a government's financial position. The Town's assets and deferred outflows exceeded liabilities and deferred inflows by \$32,133,967 on June 30, 2022. The Town's net position increased by \$2,586,650 for the year ended June 30, 2022. However, the largest portion of the Town's net position (98.94%) reflects its net investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's net investment in its capital assets is reported net of the outstanding related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$3,008,166, represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$2,666,956) is unrestricted.

TOWN OF BLOWING ROCK, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

The Town of Blowing Rock Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 687,442	\$ 984,236	\$ 2,235,051	\$ 1,727,099	\$ 2,922,493	\$ 2,711,335
Operating grants and contributions	432,279	334,874	-	-	432,279	334,874
Capital grants and contributions	661,902	217,824	-	-	661,902	217,824
General revenues:						
Property taxes	5,366,060	4,645,669	-	-	5,366,060	4,645,669
Other taxes	5,411,325	1,656,535	-	-	5,411,325	1,656,535
Investment earnings	8,364	2,904	-	-	8,364	2,904
Grants and contributions not restricted to specific programs	688,873	2,768,384	-	-	688,873	2,768,384
Other	185,814	-	2,242	465	188,056	465
Total revenues	<u>13,442,059</u>	<u>10,610,426</u>	<u>2,237,293</u>	<u>1,727,564</u>	<u>15,679,352</u>	<u>12,337,990</u>
Expenses:						
General Government	2,844,551	3,650,109	-	-	2,844,551	3,650,109
Public Safety	4,700,135	2,788,363	-	-	4,700,135	2,788,363
Transportation	1,469,552	1,380,066	-	-	1,469,552	1,380,066
Environmental Protection	403,229	494,784	-	-	403,229	494,784
Cultural and Recreational	1,367,971	829,107	-	-	1,367,971	829,107
Interest on long-term debt	381,982	365,826	-	-	381,982	365,826
Water and Sewer	-	-	2,100,024	2,011,423	2,100,024	2,011,423
Total expenses	<u>11,167,420</u>	<u>9,508,255</u>	<u>2,100,024</u>	<u>2,011,423</u>	<u>13,267,444</u>	<u>11,519,678</u>
Change in net position before transfers	2,274,639	1,102,171	137,269	(283,859)	2,411,908	818,312
Transfers	(180,852)	-	180,852	-	-	-
Change in net position	2,093,787	1,102,171	318,121	(283,859)	2,411,908	818,312
Net position, beginning	16,953,115	15,850,944	12,594,202	12,878,061	29,547,317	28,729,005
Net position, beginning, restated	17,043,974	15,850,944	12,678,085	12,878,061	29,722,059	28,729,005
Net position, ending	<u>\$ 19,137,761</u>	<u>\$ 16,953,115</u>	<u>\$ 12,996,206</u>	<u>\$ 12,594,202</u>	<u>\$ 32,133,967</u>	<u>\$ 29,547,317</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

Governmental activities. Governmental activities increased the Town's net position by \$2,184,646. Key elements of this increase are as follows:

- Increase in property tax rate increased ad valorem sales tax revenue, and Town maintained an excellent collection rate.
- Town management closely monitored expenditures.
- Increased collections from local option sales tax for the majority of the year.
- Prior period adjustments resulted in a net increase in net position of \$90,859. These are detailed further in the notes to the financial statements, Note VII.

Business-type activities: Business-type activities increased the Town's net position by \$402,004:

- New rates and structure went into effect during Fiscal Year 2021-2022, resulting in an increase in revenues from the Water & Sewer Fund over prior year, which was the primary driver for the increase in net position.

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus on 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. Specifically, fund balance available for appropriation can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town of Blowing Rock's fund balance available in the General Fund was \$4,253,725, while total fund balance reached \$7,324,251.

At June 30, 2022, the governmental funds of the Town reported a combined fund balance of \$8,098,789, a 2.62% increase over last year. Included in this change in fund balance is an increase in the General Fund of \$156,647, a decrease in the Capital Projects Fund of \$65,018, and an increase in nonmajor funds of \$3,902.

Capital Project Fund. Several budget amendments were required to comply with budgetary requirements to account for unexpected capital outlay requirements.

Proprietary Funds. The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$803,129. The change in net position was a decrease of \$470,079. Other factors concerning the finances of these funds have already been addressed in the discussion of the Town of Blowing Rock's business-type activities.

TOWN OF BLOWING ROCK, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

Capital Asset and Debt Administration

Capital assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2022 amounts to \$43,885,057 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

Major capital asset transactions during the year include:

• Governmental infrastructure	\$ 1,724,316
• Governmental equipment and furniture	273,018
• Governmental vehicles	190,317
• Governmental land	1,452,297
• Business-type plant	861,780
• Business-type equipment	157,350

Town of Blowing Rock's Outstanding Capital Assets
(net of depreciation)
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 4,539,056	\$ 3,086,759	\$ 100,504	\$ 100,504	\$ 4,639,560	\$ 3,187,263
Construction in Progress	4,740,474	4,991,091	518,879	421,759	5,259,353	5,412,850
Buildings	6,584,020	6,767,342	14,146,403	-	20,730,423	6,767,342
Infrastructure	11,938,092	10,517,163	-	13,657,400	11,938,092	24,174,563
Vehicles	401,286	370,340	-	-	401,286	370,340
Computers	15,215	47,661	-	-	15,215	47,661
Equipment	590,159	405,514	310,968	265,199	901,127	670,713
Total	<u>\$ 28,808,303</u>	<u>\$ 26,185,870</u>	<u>\$ 15,076,754</u>	<u>\$ 14,444,862</u>	<u>\$ 43,885,057</u>	<u>\$ 40,630,732</u>

Additional information on the Town's capital assets can be found in the Notes to the Financial Statements.

Long-term Debt. Long-term debt as of June 30, 2022 is summarized below:

Town of Blowing Rock's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 7,120,000	\$ 7,575,000	\$ 1,855,000	\$ 1,975,000	\$ 8,975,000	\$ 9,550,000
Unamortized bond premium	358,892	379,067	38,712	40,944	397,604	420,011
Capital lease	-	196,911	-	10,472	-	207,383
Compensated absences	405,628	324,146	72,434	53,601	478,062	377,747
Total pension liability	425,333	381,931	-	-	425,333	381,931
Net OPEB liability	5,495,749	4,336,125	1,046,810	825,929	6,542,559	5,162,054
Total OPEB liability	76,532	55,279	14,578	10,529	91,110	65,808
Net pension liability	670,003	1,454,013	127,620	276,955	797,623	1,730,968
Installment purchase - direct placements	3,732,684	2,526,575	1,041,965	1,129,314	4,774,649	3,655,889
Total	<u>\$ 18,284,821</u>	<u>\$ 17,229,047</u>	<u>\$ 4,197,119</u>	<u>\$ 4,322,744</u>	<u>\$ 22,481,940</u>	<u>\$ 21,551,791</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2022

The Town's total long-term liabilities decreased by \$930,149 during the past fiscal year, due to new General obligation bond issuance and new debt issued for capital equipment and vehicles, offset by principal payments made throughout the year.

The State of North Carolina limits the amount of general obligation debt that a unit of government can issue to 8% of the total assessed valuation located within that government's boundaries. The legal debt margin for the Town is \$85,698,552.

Additional information regarding the Town of Blowing Rock's long-term debt can be found in the Notes to the Financial Statements.

Economic Factors and Next Year's Budgets and Rates

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

- Tourism continues to be a source of strength for the Town during the current year with travel and tourism continuing to exceed prior year levels.
- Housing and development construction activity continued to grow steadily throughout the year, with no slowing during this fiscal year.

Budget Highlights for the General Fund Budget Fiscal Year Ending June 30, 2023

Governmental Activities. Property tax revenues are expected to increase over prior year at .370 cents per hundred dollars due to property values increasing (with new developments coming on to the tax scrolls) as well as the Watauga County tax revaluation resulting in property tax value increase for the Watauga County portion of Blowing Rock. The Watauga revaluation resulted in an overall increase in property values of approximately 39%, resulting in a revenue neutral tax rate calculated at .320 cents, a decrease from the most recently adopted tax rate of .430 cents. State shared revenues during budget preparation were expected to have an overall increase due to the main source of sales tax projected to increase, however, some economic downturn is anticipated in the next year. Last year, continued increases were seen. As a result, the budget for this revenue was budgeted to increase a net of 28% after return of the sales tax fee paid back to Watauga County, with plans to monitor the source as the year continues and make necessary adjustments if needed.

Budgeted expenditures in the General Fund are expected to increase, approximately 30%, due mainly to an increase in operating costs and capital of a combined approximately 23% increase and increase in personnel cost of approximately 22% due to new positions needed for operations. Debt service costs also increased 11% over prior year with a higher level of capital equipment debt service costs coming online with the prior year's deferrals of capital.

Business-Type Activities. The water and sewer usage in the Town are expected to continue to steadily decrease in comparison with the prior years due to the ongoing cultural emphasis placed on conservation, while expenditures to operate are expected to also increase due to the cost of equipment repairs and replacements needed at our plants as well as on the lines in the field. Rate increases as well as a rate structure change was put into place in FY 20-21 and are helping to generate the increased revenues needed to support the system. The increases followed an analysis of existing rates and usage as well as infrastructure needs with plans to continue in the coming years in order to lessen impacts of these trends.

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 financial information should be addressed to the Director of Finance, Town of Blowing Rock, 1036 Main Street, Blowing Rock, NC 28605.

BASIC FINANCIAL STATEMENTS

TOWN OF BLOWING ROCK, NORTH CAROLINA
Statement of Net Position
June 30, 2022

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Town of Blowing Rock Board of Alcoholic Beverage Control	Town of Blowing Rock Tourism Development Authority
ASSETS					
Current Assets:					
Cash and Cash Equivalents	\$ 5,187,935	\$ 1,697,090	\$ 6,885,025	\$ 605,781	\$ 1,784,600
Taxes receivable, net	57,906	-	57,906	-	295,717
Accounts receivable, net	977,575	370,338	1,347,913	-	-
Due from Other Governments	875,851	-	875,851	-	-
Inventories	2,699	115,736	118,435	390,397	-
Prepaid items	59,893	7,106	66,999	4,382	-
Restricted Cash and Cash Equivalents	2,043,671	267,478	2,311,149	147,105	-
Total Current Assets	9,205,530	2,457,748	11,663,278	1,147,665	2,080,317
Noncurrent Assets					
Right to use asset, net	-	-	-	-	190,322
Capital Assets:					
Land, Nondepreciable Improvements, and Construction in Progress	9,279,531	619,383	9,898,914	-	-
Other Capital Assets, Net of Depreciation	19,528,772	14,457,371	33,986,143	202,746	56,643
Total Noncurrent Assets	28,808,303	15,076,754	43,885,057	202,746	246,965
Total Assets	\$ 38,013,833	\$ 17,534,502	\$ 55,548,335	\$ 1,350,411	\$ 2,327,282
DEFERRED OUTFLOWS OF RESOURCES					
OPEB deferrals	\$ 1,959,983	\$ 189,556	\$ 2,149,539	\$ 904	\$ 15,322
Pension deferrals	1,129,138	373,331	1,502,469	32,607	50,051
Total deferred outflows of resources	3,089,121	562,887	3,652,008	33,511	65,373
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	983,918	164,257	1,148,175	407,454	163,322
Accrued Interest	183,151	50,169	233,320	-	-
Prepaid fees	21,701	10,838	32,539	-	-
Current Portion of Long-term Debt	1,348,439	318,435	1,666,874	-	40,204
Current Portion of Compensated Absences	101,407	18,109	119,516	1,805	-
Payable from restricted assets	40,486	215,478	255,964	-	-
Total Current Liabilities	2,679,102	777,286	3,456,388	409,259	203,526
Long-term liabilities:					
Net pension liability (LGERS)	670,003	127,620	797,623	15,949	-
Total pension liability (LEOSSA)	425,333	-	425,333	-	-
Total OPEB liability	76,532	14,578	91,110	-	-
Net OPEB liability	5,495,749	1,046,810	6,542,559	12,487	-
Due in more than one year	10,167,358	2,671,568	12,838,926	-	268,813
Total Long-Term Liabilities	16,834,975	3,860,576	20,695,551	28,436	268,813
Total Liabilities	19,514,077	4,637,861	24,151,938	437,695	472,339
DEFERRED INFLOWS OF RESOURCES					
Prepaid Taxes	2,730	-	2,730	-	-
OPEB Deferrals	1,442,471	274,756	1,717,227	2,354	9,539
Pension Deferrals	1,005,915	188,566	1,194,481	22,787	46,946
Total deferred inflows of resources	2,451,116	463,322	2,914,438	25,141	56,485
NET POSITION					
Net investment in capital assets	19,599,680	12,193,077	31,792,757	202,746	56,643
Restricted for:					
Capital projects	-	-	-	147,105	-
Working capital	232	-	232	90,398	-
Stabilization by state statute	3,007,934	-	3,007,934	-	295,717
Unrestricted	(3,470,085)	803,129	(2,666,956)	480,837	1,511,471
Total Net Position	\$ 19,137,761	\$ 12,996,206	\$ 32,133,967	\$ 921,086	\$ 1,863,831

TOWN OF BLOWING ROCK, NORTH CAROLINA
Statement of Activities
For the Year Ended June 30, 2022

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Blowing Rock Board of Alcoholic Beverage Control	Town of Blowing Rock Tourism Development Authority
Primary government:									
Governmental activities:									
General government	\$ 2,844,551	\$ 414,550	\$ 180,852	\$ 661,902	\$ (1,587,247)	\$ -	\$ (1,587,247)	\$ -	\$ -
Public safety	4,700,135	2,400	124,964	-	(4,572,771)	-	(4,572,771)	-	-
Transportation	1,469,552	-	94,568	-	(1,374,984)	-	(1,374,984)	-	-
Environmental protection	403,229	119,537	-	-	(283,692)	-	(283,692)	-	-
Cultural and recreational	1,367,971	150,955	31,895	-	(1,185,121)	-	(1,185,121)	-	-
Interest on long-term debt	381,982	-	-	-	(381,982)	-	(381,982)	-	-
Total governmental activities	11,167,420	687,442	432,279	661,902	(9,385,797)	-	(9,385,797)	-	-
Business-type activities:									
Water and sewer	2,100,024	2,235,051	-	-	-	135,027	135,027	-	-
Total business-type activities	2,100,024	2,235,051	-	-	-	135,027	135,027	-	-
Total primary government	\$ 13,267,444	\$ 2,922,493	\$ 432,279	\$ 661,902	(9,385,797)	135,027	(9,250,770)	-	-
Component unit:									
Town of Blowing Rock Board of Alcoholic Beverage Control	3,078,432	3,099,754	-	-	-	-	-	21,322	-
Town of Blowing Rock Tourism Development Authority	1,268,324	1,787,927	-	-	-	-	-	-	519,603
Total component units	\$ 4,346,756	\$ 4,887,681	\$ -	\$ -	-	-	-	21,322	519,603
General revenues:									
Property taxes, levied for general purpose					5,366,060	-	5,366,060	-	-
Other taxes and licenses					5,411,325	-	5,411,325	-	-
Grants and contributions, not restricted to a specific purpose					688,873	-	688,873	-	-
Unrestricted investment earnings					8,364	2,242	10,606	728	550
Gain on sale of assets					48,429	-	48,429	-	-
Miscellaneous					137,385	-	137,385	134	2,585
Transfers					(180,852)	180,852	0	-	-
Total general revenues					11,479,584	183,094	11,662,678	862	3,135
Change in Net Position					2,093,787	318,121	2,411,908	22,184	522,738
Net position, beginning					16,953,115	12,594,202	29,547,317	898,902	1,341,093
Restatement (See Note VI in the Notes to the Financial Statements)					90,859	83,883	174,742	-	-
Net position, beginning, restated					17,043,974	12,678,085	29,722,059	898,902	1,341,093
Net position, ending					\$ 19,137,761	\$ 12,996,206	\$ 32,133,967	\$ 921,086	\$ 1,863,831

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

TOWN OF BLOWING ROCK, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2022

	<u>Major Funds</u>			<u>Total Governmental Fund</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Total Non-Major Funds</u>	
ASSETS				
Cash and cash equivalents	\$ 5,045,343	\$ 100,000	\$ 42,592	\$ 5,187,935
Taxes receivable, net	44,765	-	-	44,765
Accounts receivable, net	915,035	62,540	-	977,575
Prepaid items	59,893	-	-	59,893
Due from other governments	875,851	-	-	875,851
Due from other funds	1,210,517	-	-	1,210,517
Inventory	2,699	-	-	2,699
Restricted cash and cash equivalents	218,353	1,795,192	30,126	2,043,671
Total Assets:	<u>\$ 8,372,456</u>	<u>\$ 1,957,732</u>	<u>\$ 72,718</u>	<u>\$ 10,402,906</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	968,649	\$ 15,169	\$ 100	\$ 983,918
Amounts payable from restricted assets	10,360	-	-	10,360
Unspent grant proceeds	-	-	30,126	30,126
Prepaid fees	21,701	-	-	21,701
Due to other funds	-	1,210,517	-	1,210,517
Total Liabilities:	<u>1,000,710</u>	<u>1,225,686</u>	<u>30,226</u>	<u>2,256,622</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	2,730	-	-	2,730
Property taxes receivable	44,765	-	-	44,765
Total Deferred Inflows of Resources:	<u>47,495</u>	<u>-</u>	<u>-</u>	<u>47,495</u>
Fund balances:				
Nonspendable:				
Inventory	2,699	-	-	2,699
Prepaid items	59,893	-	-	59,893
Restricted:				
Stabilization by State statute	3,007,934	-	-	3,007,934
Capital items	207,761	732,046	-	939,807
Transportation	232	-	-	232
Assigned:				
Beautification	-	-	42,492	42,492
Subsequent year's expenditures	1,475	-	-	1,475
Unassigned:	4,044,257	-	-	4,044,257
Total Fund Balances:	<u>7,324,251</u>	<u>732,046</u>	<u>42,492</u>	<u>8,098,789</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 8,372,456</u>	<u>\$ 1,957,732</u>	<u>\$ 72,718</u>	<u>\$ 10,402,906</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2022

Amounts reported for governmental activities in the Statements of Net Position are different because:

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

Total Governmental Fund Balance		\$ 8,098,789
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	39,250,519	
Accumulated depreciation	<u>(10,442,216)</u>	28,808,303
Deferred outflows of resources:		
OPEB	1,959,983	
LGERS	995,169	
LEOSSA	<u>133,969</u>	3,089,121
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are deferred		
Accrued interest - taxes		13,141
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Ad valorem Taxes		44,765
Deferred inflows of resources:		
OPEB	(1,442,471)	
LGERS	(989,974)	
LEOSSA	<u>(15,941)</u>	(2,448,386)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment purchase obligations	(3,732,684)	
General Obligation Bonds	(7,120,000)	
Unamortized Bond Premiums	(358,892)	
Accrued interest payable	(183,151)	
Compensated absences	(405,628)	
Total OPEB Liability	(76,532)	
Net OPEB Liability	(5,495,749)	
Net pension liability (LGERS)	(670,003)	
Total pension liability (LEOSSA)	<u>(425,333)</u>	<u>(18,467,972)</u>
Net position of governmental activities		<u><u>\$ 19,137,761</u></u>

TOWN OF BLOWING ROCK, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2022

	<u>Major Fund</u>			<u>Total Governmental Funds</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor</u>	
REVENUES				
Ad valorem taxes	\$ 5,331,792	\$ -	\$ -	\$ 5,331,792
Other taxes and licenses	2,462,392	-	-	2,462,392
Unrestricted intergovernmental	3,062,575	-	-	3,062,575
Restricted intergovernmental	209,669	554,401	180,852	944,922
Sales and services	136,446	-	-	136,446
Permits and fees	263,268	-	-	263,268
Investment earnings	3,607	4,757	-	8,364
Other	1,117,708	-	31,895	1,149,603
Total revenues	<u>12,587,457</u>	<u>559,158</u>	<u>212,747</u>	<u>13,359,362</u>
EXPENDITURES				
Current:				
General government	4,201,721	66,651	-	4,268,372
Public safety	3,114,474	1,440,392	-	4,554,866
Transportation	1,450,184	1,386,010	-	2,836,194
Environmental protection	364,177	-	-	364,177
Culture and recreation	1,320,526	21,444	15,993	1,357,963
Debt Service:				
Principal	1,071,734	-	-	1,071,734
Interest and Other Charges	331,323	-	-	331,323
Total expenditures	<u>11,854,139</u>	<u>2,914,497</u>	<u>15,993</u>	<u>14,784,629</u>
Revenues over (under) expenditures	<u>733,318</u>	<u>(2,355,339)</u>	<u>196,754</u>	<u>(1,425,267)</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	192,000	1,228,071	-	1,420,071
Transfers to other funds	(1,228,071)	(180,000)	(192,852)	(1,600,923)
Proceeds from debt issuance	408,500	1,242,250	-	1,650,750
Sales of capital assets	50,900	-	-	50,900
Total other financing sources and uses	<u>(576,671)</u>	<u>2,290,321</u>	<u>(192,852)</u>	<u>1,520,798</u>
Net change in fund balance	156,647	(65,018)	3,902	95,531
Fund balance, beginning	7,056,396	797,064	38,590	7,892,050
Prior Period Adjustment (See Note VI)	111,208	-	-	111,208
Total Fund balance, beginning restated	<u>7,167,604</u>	<u>797,064</u>	<u>38,590</u>	<u>8,003,258</u>
Fund balances-ending	<u>\$ 7,324,251</u>	<u>\$ 732,046</u>	<u>\$ 42,492</u>	<u>\$ 8,098,789</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2022

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

Net changes in fund balances - total governmental funds	\$	95,531
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the costs of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>		
Capital outlay expenditures which are capitalized		3,389,332
Depreciation Expense		(719,261)
Gain (Loss) on Disposal of Assets		(2,471)
		2,667,600
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		348,313
Benefit payments and pension administration costs for OPEB are not included on the Statement of Activities		193,075
Benefit payments and pension administration costs for LEOSSA are not included on the Statement of Activities		17,603
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds.</p>		
Change in unavailable revenue for tax revenues		21,127
Change in interest earned on ad valorem taxes		13,141
		34,268
<p>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.</p>		
New long-term debt issued		(1,650,750)
Debt retirement		1,071,734
Amortization of bond premium		20,175
Increase (Decrease) in accrued interest payable		(70,834)
		(629,675)
<p>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:</p>		
Pension expense - LGERS		(281,958)
Pension expense - LEOSSA		(39,749)
OPEB Expense		(229,739)
Compensated absences		(81,482)
		(632,928)
Total Change in net position of governmental activities	\$	2,093,787

TOWN OF BLOWING ROCK, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures, and Changes in Fund Balances
 Budget and Actual
 For the Year Ended June 30, 2022

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 5,198,449	\$ 5,294,649	\$ 5,331,792	\$ 37,143
Other taxes and licenses	1,404,199	2,751,279	2,462,392	(288,887)
Unrestricted intergovernmental revenues	2,499,273	2,799,273	3,062,575	263,302
Restricted intergovernmental revenues	85,000	112,571	209,669	97,098
Permits and fees	103,975	143,975	136,446	(7,529)
Sales and services	191,339	236,939	263,268	26,329
Investment earnings	2,000	2,000	3,607	1,607
Miscellaneous	585,026	789,945	1,117,708	327,763
Total revenues	<u>10,069,261</u>	<u>12,130,631</u>	<u>12,587,457</u>	<u>456,826</u>
Expenditures				
General government	2,996,411	4,353,516	4,201,721	151,795
Public safety	3,151,440	3,287,902	3,114,474	173,428
Transportation	1,392,350	1,487,939	1,450,184	37,755
Environmental protection	341,906	364,906	364,177	729
Culture and recreation	1,209,839	1,323,140	1,320,526	2,614
Debt Service:				
Principal	1,132,944	1,071,734	1,071,734	-
Interest and other charges	304,466	568,371	331,323	237,048
Total expenditures	<u>10,529,356</u>	<u>12,457,508</u>	<u>11,854,139</u>	<u>603,369</u>
Revenues over (under) expenditures	<u>(460,095)</u>	<u>(326,877)</u>	<u>733,318</u>	<u>1,060,195</u>
Other financing sources (uses):				
Transfers from Other Funds:				
Capital Projects Fund	60,000	60,000	180,000	120,000
BRAAC	8,000	12,000	12,000	-
Transfers to Other Funds:				
Capital Projects Fund	-	(1,228,071)	(1,228,071)	-
Proceeds from debt issuance	382,095	421,050	408,500	(12,550)
Sales of capital assets	10,000	50,900	50,900	-
Appropriated fund balance	-	1,010,998	-	(1,010,998)
Total other financing sources (uses)	<u>460,095</u>	<u>326,877</u>	<u>(576,671)</u>	<u>(903,548)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>156,647</u>	<u>\$ 156,647</u>
Fund balance, beginning			7,056,396	
Prior Period Adjustment - See Note VI			111,208	
Total Fund balance, beginning restated			<u>7,167,604</u>	
Fund balance, ending			<u>\$ 7,324,251</u>	

TOWN OF BLOWING ROCK, NORTH CAROLINA

Statement of Net Position

Proprietary Funds

June 30, 2022

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash & Cash Equivalents	\$ 1,697,090
Accounts Receivable, net	370,338
Prepaid expenses	7,106
Inventories	115,736
Restricted cash and cash equivalents	267,478
Total current assets:	2,457,748
Noncurrent assets:	
Capital Assets:	
Land and constructon in progress	619,383
Other Capital Assets, net of Depreciation	14,457,371
Total noncurrent assets:	15,076,754
Total Assets	17,534,502
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	189,556
OPEB deferrals	373,331
Total Deferred Outflows of Resources	562,887
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	164,257
Current portion of long-term debt	318,435
Accrued interest payable	50,169
Prepaid fees	10,838
Compensated absences current portion	18,109
Liabilities payable from restricted assets:	
Customer deposits	215,478
Total current liabilities	777,286
Noncurrent liabilities:	
Due in more than one year	2,671,568
Net OPEB liability	1,046,810
Total OPEB liability	14,578
Net Pension liability	127,620
Total noncurrent liabilities	3,860,576
Total Liabilities	4,637,861
DEFERRED INFLOWS OF RESOURCES	
OPEB deferrals	274,756
Pension deferrals	188,566
Total Deferred Inflows of Resources	463,322
NET POSITION	
Net investment in capital assets	12,193,077
Unrestricted	803,129
Total Net Position	\$ 12,996,206

TOWN OF BLOWING ROCK, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2022

	Water and Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 2,189,508
Water and sewer taps	33,500
Other operating revenues	12,043
Total Operating Revenues	2,235,051
OPERATING EXPENSES	
Administration	444,509
Water and Sewer plant operations	710,317
Water and Sewer field operations	308,364
Depreciation	529,520
Total Operating Expenses	1,992,710
OPERATING INCOME (LOSS)	242,341
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	2,242
Transfers from ARPA Fund	180,852
Interest expense and other charges	(107,314)
Total Nonoperating Revenues (Expenses)	75,780
Change in Net Position	318,121
Net Position:	
Beginning of year - July 1	12,594,202
Prior Period Adjustments (See Note VI)	83,883
Beginning of year - July 1, restated	12,678,085
End of year - June 30	\$ 12,996,206

TOWN OF BLOWING ROCK, NORTH CAROLINA

Statement of Cash Flows
Proprietary Funds
For The Year Ended June 30, 2022

	Water and Sewer Fund
Cash Flows from Operating Activities:	
Cash Received from Customers	\$ 2,220,747
Cash Paid for Goods and Services	(732,423)
Cash Paid to Employees	(764,340)
Net Cash Provided (Used) by Operating Activities	723,984
Cash flows from Capital and Related Financing Activities:	
Proceeds from issuance of installment debt	66,500
Principal repaid on long term debt	(309,139)
Interest and other charges	(72,911)
Acquisition and construction of capital assets	(1,076,863)
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,392,413)
Cash flows from Noncapital Financing Activities:	
Transfers (to) from) other funds	180,852
Cash Flows from Investing Activities	
Interest and dividends	2,242
Net Increase (Decrease) in Cash and Cash Equivalents	(485,335)
Cash and Cash Equivalents	
Beginning of year - July 1	2,449,903
End of year - June 30	\$ 1,964,568
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 242,341
Depreciation	529,520
Changes in Assets, Deferred Outflows of Resources, and Liabilities:	
(Increase) Decrease in Accounts Receivables, Net	(12,027)
(Increase) Decrease in Prepaid Expenses	(6,450)
(Increase) Decrease in Inventories	(3,419)
(Increase) Decrease in Deferred Outflows of Resources for Pensions and OPEB	(167,296)
Increase (Decrease) in Pension Liability	(149,335)
Increase (Decrease) in OPEB Liability	224,930
Increase (Decrease) in Accounts Payable and Accrued Liabilities	(37,264)
Increase (Decrease) in Unearned Revenue	(6,065)
Increase (Decrease) in Customer Deposits	4,172
Increase (Decrease) in Compensated Absences	18,833
Increase (Decrease) in Deferred Inflows of Resources for OPEB and Pension	86,044
Total Changes in Assets, Deferred Outflows of Resources, and Liabilities	(47,877)
Net cash provided (used) by operating activities	\$ 723,984

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Blowing Rock, North Carolina, (the "Town") conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Mayor and a five-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 a separate columns in the Town's financial statements in order to emphasize that they are legally separate from the Town.

Town of Blowing Rock ABC Board

The members of the ABC'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 the Town of Blowing Rock ABC Board, 7960 Valley Boulevard, Blowing Rock, North Carolina 28605.

Town of Blowing Rock Tourism Development Authority (TDA)

The members of the TDA's governing board are appointed by the Town. The TDA Board, which has a June 30 year-end, is presented as if it were a governmental fund (discrete presentation). The TDA, which provides a financial benefit to the Town, was established to receive the proceeds of room occupancy tax levied pursuant to Session Law 1987-171 and 2003-281. Complete financial statements for the TDA Board may be obtained from the entity's administrative offices at the Town of Blowing Rock TDA, P.O. Box 47, Blowing Rock, North Carolina 28605.

B. Basis of Presentation – Basis of Accounting

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 BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

Fund Financial Statements. The fund financial statements provide information about the Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The town has no fiduciary funds to report. 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 funds

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

Capital Projects Fund. The Capital Projects Fund accounts for construction of various Town buildings, infrastructure, etc.

The Town reports the following nonmajor governmental fund:

Blowing Rock Appearance Advisory Commission (BRAAC). This fund is used to account for the activities of the Appearance Advisory Commission.

American Rescue Plan. This is a special revenue fund to account for federal funds received from the American Rescue Plan. These funds were provided to all local government entities to address the following areas affected by COVID-19: Mitigation efforts and medical expenses related to COVID-19; address negative economic impacts caused by the public health emergency, replace lost public sector revenue, provide premium pay for essential workers; and invest in water, sewer and broadband infrastructure.

The Town reports the following major enterprise fund:

Water and Sewer Fund. Enterprise funds account for those operations (a) that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or (b) where the governing body has decided that the periodical determination of revenues earned, expense incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The Water and Sewer Fund is the only enterprise fund of the Town.

C. Measurement Focus, 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.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

Government-wide, Proprietary, and Fiduciary Fund Financial Statements – The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are 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 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 60 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year.

Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013, and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes collected and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the state at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Blowing Rock because the tax is levied by Watauga County and then remitted to and distributed by the state. 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 BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

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 are 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.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, Special Revenue Funds, and the Water and Sewer Fund. All annual appropriations lapse at the fiscal year-end.

Projects Fund, which are consolidated with the operating fund for reporting purposes. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Assets, Liabilities and Fund Equity

Deposits and Investments

All deposits of the Town, the ABC Board and the TDA are made in board-designated official depositories and are secured as required by State statutes. The Town, the ABC Board and the TDA may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town, the ABC Board and the TDA may establish time deposit accounts such as NOW and Super NOW accounts, money market accounts, and certificates of deposit.

State law [G.S. 159-30(c)] authorizes the Town, the ABC Board and the TDA 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, the ABC Board's, and the TDA's investments are reported at fair value. The NCCMT-Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

Cash and Cash Equivalents

The Town pools monies from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The ABC Board and the TDA consider all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Unexpended debt proceeds of the General Fund, Capital Project Fund and Water and Sewer Fund debt issued by the Town are classified as restricted assets for those funds because their use is completely restricted to the purpose for which bonds were originally issued. Unspent grant proceeds are also restricted for their intended purpose.

Restricted cash at June 30, 2022 consisted of the following:

Governmental Activities	
General Fund - unexpended debt proceeds	\$ 207,761
General Fund - Customer deposits	10,360
General Fund - Powell Bill	232
Capital project fund - unexpended debt proceeds	1,795,192
American Rescue Plan Fund - unspent grant proceeds	30,126
Total Governmental Activities	<u>2,043,671</u>
Business-type Activities	
Water and Sewer Fund - customer deposits	215,478
Water and Sewer Fund - unexpended debt proceeds	52,000
Total Business-Type Activities	<u>267,478</u>
Total restricted cash	<u>\$ 2,311,149</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 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, penalties and interest do not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2021.

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.

Inventories and Prepaid Items

The inventories of the Town's General Fund consist of expendable supplies that are recorded as expenditures as used rather than purchased.

The inventories of the Town's enterprise funds and the ABC Board consist of materials and supplies held for subsequent use and merchandise held for resale. The costs of these inventories are expensed when consumed rather than when purchased. The cost of merchandise held for resale is expensed when sold 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.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost greater than \$5,000 and an estimated useful life greater than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. The cost of normal maintenance and repairs that do not add to the value of the asset or significantly extend the asset's life are not capitalized. The Town capitalizes interest costs which are incurred during the construction period of capital assets.

In conjunction with implementing GASB 34, "The New Reporting Model", the Town began capitalizing public domain ("infrastructure") capital assets consisting of roads, bridges, curbs and gutters, streets and sidewalks, drainage systems, and lighting systems as of July 1, 2003. Infrastructure assets exceeding the Town's capitalization threshold of \$5,000 will be reported as capital assets in the Statement of Net Position. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General governmental infrastructure assets acquired prior to July 1, 2003, were not retroactively reported; therefore, the infrastructure capital assets in the Statement of Net Position only include assets purchased after July 1, 2003.

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

	<u>Years</u>
Buildings and Improvements	50 years
Infrastructure	50 years
Furniture and Equipment	5-10 years
Vehicles	5 years
Computer Equipment	3 years

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

	<u>Years</u>
Computer equipment	5 years
Building and improvements	20-25 years
Furniture and equipment	5-10 years

Capital assets of the TDA are depreciated over their useful lives on a straight-line basis as follows:

	<u>Years</u>
Computer equipment	50 years
Building and improvements	10 years
Furniture and equipment	5 years

Compensated Absences

The vacation policies of the Town provide for accumulation of thirty days earned vacation leave with such leave being fully vested when earned. The Town's government-wide and proprietary funds, an expense and a liability for compensated absences and salary-related payments are recorded as the leave is earned. The Town has a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements. The Town's sick leave policy provides of an unlimited accumulation of sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in determination of length of service for retirement benefit purposes. Since the Town has no obligation for accumulated sick leave until it is actually taken no accrual for sick leave has been made.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

Deferred outflows/inflows of resources

In addition to assets, the Statement of Net 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 two items that meet this criterion, pension related deferrals and OPEB deferrals.

In addition to liabilities, the Statement of Net 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 four items that meets this criterion – property taxes receivable, prepaid taxes, OPEB deferrals and pension related 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 cost, 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 the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as debt issuance costs, during the current period. The face amount of the debt 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 net proceeds received, are reported as debt service expenditures.

Reimbursements for Pandemic-related Expenditures

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for eligible state, local, territorial, and tribal governments. The Town was allocated \$421,955 of fiscal recovery funds to be paid in two equal installments. The first installment of \$210,978 was received in July 2021. The second installment will be received in mid-2022. Town staff and the Board have elected to use transfer \$210,978 to the Water & Sewer fund in order to finance water and sewer equipment and infrastructure improvements. Please see the Summary of Transfers below for more detail. The City plans on using the rest of the funds for Water & Sewer projects in Fiscal Year 2023.

Net Position/Fund Balances

Net Position

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

Fund Balances

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

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

The governmental fund types classify fund balance as follows:

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

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

Restricted for Stabilization of State Statute - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted Net Position and Restricted Fund Balance on the face of the balance sheet.

Restricted for Capital Items – portion of fund balance that has been restricted by revenue source for future capital expenditures.

Restricted fund balance on Exhibit 3 differs from restricted net position on Exhibit 1 by unspent debt proceeds less amounts payable from restricted assets of \$939,807.

Committed Fund Balance -This classification represents the portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town's governing body (highest level of decision making authority, the Town Council). Any changes or removal of specific purpose restrictions requires majority action by the governing body. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned Fund Balance. Assigned fund balance is the portion of fund balance that the Town has budgeted for specific purposes. The Town Council has the authority to assign fund balance.

Assigned for Beautification – portion of fund balance that has been budgeted by the Board for future expenditures of the Appearance Advisory Commission.

Subsequent Year's Expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the Budget Officer to reallocate appropriations within departments and to also execute interfund and interdepartmental transfers in emergency situations. Notification of all such transfers shall be made to the Town Council at the next meeting.

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

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

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 order: bond/debt 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 or when required by grant or other contractual agreements.

The Town of Blowing Rock has fund balance goal for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 50% of expenditures. Any portion of the General Fund balance in excess of 50% of expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

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	\$ 7,324,251
Less:	
Non-spendable - inventory	2,699
Non-spendable - prepaid expenses	59,893
Restricted, all other	207,993
Stabilization by state statute	3,007,934
Available fund balance	<u>\$ 4,045,732</u>

Interfund Transactions

Interfund services provided are accounted for as revenues or expenses in the government- wide financial statements since they would be treated as such if they involved organizations external to the Town. Transactions that constitute reimbursements to a fund or expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions are reported as transfers.

Use of Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates made are: allowance for doubtful accounts and depreciation lives.

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's employer contributions are recognized when due, and the Town 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.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

II. DETAIL NOTES ON ALL FUNDS

A. Assets

Deposits

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

At June 30, 2022, the Town's deposits had a carrying amount of \$822,973 and a bank balance of \$896,482. Of the bank balance, \$605,987 was covered by FDIC, and the remainder was covered by collateral under the Pooling Method. The carrying amount of deposits for the ABC Board was \$596,880 and the bank balance was \$662,576. \$250,000 of the bank balance was covered by federal depository insurance and the remainder under the pooling method. The carrying amount of deposits for the Authority was \$1,759,600, and the bank balance was \$1,772,186. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2022, the Town's petty cash fund totaled \$500.

Investments

As of June 30, 2022, the Town had the following investments and maturities:

Investment Type	Valuation Measurement Method	Book Value at 6/30/2022	Maturity	Rating
Nccmt- Government Portfolio	Fair Value - Level 1	\$ 8,373,202	N/A	AAAm

At June 30, 2022, the TDA had \$25,000 invested with the North Carolina Capital Management Trust's Government Portfolio. The ABC Board had \$156,006 invested with the NC Capital Management Trust's Government Portfolio. The NCCMT Government Portfolio carried a credit rating of AAAm with Standard & Poor's and AAA-mf with Moody's Investor Service. The Town, the ABC Board and the Authority have no policy regarding credit risk.

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.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

Level of Fair Value Hierarchy: Level 1: Debt securities 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. The Town does not have a formal investment policy. However, the Town's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

Credit Risk. The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAA-mf by Moody's Investors Service as of June 30, 2022.

Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2022 are net of the following allowances for doubtful accounts:

	<u>Allowance</u>
Governmental Activities:	
Taxes receivable	\$ 43,000
Accounts receivable	9,328
Total governmental activities	<u>\$ 52,328</u>
Business-type Activities:	
Accounts Receivable	\$ 120,890
Total business-type activities	<u>\$ 120,890</u>

Due from other governments that is owed to the Town consist of:

Governmental Activities:	
Local option sales tax	\$ 793,568
Sales tax refund receivable	82,283
Total governmental activities	<u>\$ 875,851</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

Capital Assets

Governmental Capital Assets

The capital assets of the government fund of the Town at June 30, 2022, were as follows:

	Restated Beginning Balances June 30, 2021	Additions	Retirements	Ending Balances June 30, 2022
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 3,086,759	\$ 1,452,297	\$ -	\$ 4,539,056
Construction in Progress	4,991,091	2,914,497	(3,165,114)	4,740,474
Total capital assets not being depreciated	<u>8,077,850</u>	<u>4,366,794</u>	<u>(3,165,114)</u>	<u>9,279,531</u>
Capital Assets being depreciated:				
Buildings & Improvements	9,196,103	-	-	9,196,103
Equipment	3,486,758	273,018	(108,400)	3,651,376
Vehicles	2,687,288	190,317	(175,202)	2,702,403
Computers	486,342	-	-	486,342
Infrastructure	12,210,448	1,724,316	-	13,934,764
Total capital assets being depreciated	<u>28,066,939</u>	<u>2,187,651</u>	<u>(283,602)</u>	<u>29,970,988</u>
Less accumulated depreciation for:				
Buildings & Improvements	2,428,761	183,322	-	2,612,083
Equipment	3,081,244	86,046	(106,073)	3,061,217
Vehicles	2,316,948	159,227	(175,058)	2,301,117
Computers	438,681	32,446	-	471,127
Infrastructure	1,738,452	258,220	-	1,996,672
Total accumulated depreciation	<u>10,004,086</u>	<u>719,261</u>	<u>(281,131)</u>	<u>10,442,216</u>
Total capital assets being depreciated, net	<u>18,062,853</u>	<u>\$ 1,468,390</u>	<u>\$ (2,471)</u>	<u>19,528,772</u>
Governmental activities capital assets, net	<u>\$ 26,140,703</u>			<u>\$ 28,808,303</u>

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

Governmental activities:	<u>Depreciation</u>
General government	\$ 90,948
Public Safety	207,086
Transportation	309,543
Environmental protection	36,486
Cultural recreation	75,198
Total depreciation expense:	<u>\$ 719,261</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

	Beginning Balances			Ending Balances	
	June 30, 2021	Additions	Retirements	June 30, 2022	
<u>Water and Sewer Capital Assets</u>					
Capital assets not being depreciated:					
Land	\$ 100,504	\$ -	\$ -	\$ 100,504	
Construction in Progress	421,759	1,101,472	(1,004,352)	518,879	
Total capital assets not being depreciated	<u>522,263</u>	<u>1,101,472</u>	<u>(1,004,352)</u>	<u>619,383</u>	
Capital assets being depreciated:					
Plant	23,173,892	861,780	-	24,035,672	
Equipment	1,751,532	157,350	(48,510)	1,860,372	
Total capital assets being depreciated	<u>24,925,424</u>	<u>1,019,130</u>	<u>(48,510)</u>	<u>25,896,044</u>	
Less accumulated depreciation for:					
Plant	9,471,325	417,944	-	9,889,269	
Equipment	1,486,333	111,576	(48,505)	1,549,404	
Total accumulated depreciation	<u>10,957,658</u>	<u>529,520</u>	<u>(48,505)</u>	<u>11,438,673</u>	
Total capital assets being depreciated, net	<u>13,967,766</u>	<u>\$ 489,610</u>	<u>\$ (5)</u>	<u>14,457,371</u>	
Water and Sewer Fund Capital assets, net	<u><u>\$ 14,490,029</u></u>			<u><u>\$ 15,076,754</u></u>	

Construction Commitments

The Town has active construction projects as of June 30, 2022. At year-end, the Town's commitments with contractors are as follows:

<u>Project</u>	<u>Spent to Date</u>	<u>Remaining Commitment</u>	<u>Total Contract</u>
Middle Fork Greenway	\$ 30,788,687	\$ 2,641,961	\$ 33,430,648
Laurel Ln. Drainage & Sidewalk Repairs	7,980	84,320	92,300
PRV Replacements	38,280	261,720	300,000
Main St. Water/Sewer Line Replacements	33,561	4,766,439	4,800,000
Water/Sewer Plant Upgrades*	42,264	-	42,264

* Water/Sewer Plant Upgrades is currently in engineering phase, and total commitment to project has not yet been determined.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

Discretely Presented Component Units

Activity for the TDA for the year ended June 30, 2022, was as follows:

At June 30, 2022, the Authority's capital assets consisted of furniture and equipment totaling \$123,427, being depreciated over ten years, and had accumulated depreciation of \$66,784. Depreciation expense for the current year was \$10,773.

Activity for the ABC Board for the year ended June 30, 2022, was as follows:

	Beginning Balances June 30, 2021	Additions	Retirements	Ending Balances June 30, 2022
<u>ABC Board</u>				
Capital assets not being depreciated:				
Land	\$ 96,275	\$ -	\$ -	\$ 96,275
Total capital assets not being depreciated	<u>96,275</u>	<u>-</u>	<u>-</u>	<u>96,275</u>
Capital assets being depreciated:				
Buildings and improvements	287,563	-	-	287,563
Furniture and equipment	60,702	-	-	60,702
Computer and furniture	55,668	-	-	55,668
Total capital assets being depreciated	<u>403,933</u>	<u>-</u>	<u>-</u>	<u>403,933</u>
Less accumulated depreciation for:				
Buildings and improvements	177,964	5,289	-	183,253
Furniture and equipment	60,125	353	-	60,478
Computer and furniture	53,731	-	-	53,731
Total accumulated depreciation	<u>291,820</u>	<u>5,642</u>	<u>-</u>	<u>297,462</u>
Total capital assets being depreciated, net	<u>112,113</u>	<u>\$ (5,642)</u>	<u>\$ -</u>	<u>106,471</u>
ABC Board Capital assets, net	<u><u>\$ 208,388</u></u>			<u><u>\$ 202,746</u></u>

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2021, is composed of the following elements:

	Governmental Activities	Business- Type Activities
Capital Assets	\$ 28,808,303	\$ 15,076,754
Long-term debt	(11,211,576)	(2,935,677)
Unexpended Debt proceeds	2,002,953	52,000
Net investment in capital assets:	<u><u>\$ 19,599,680</u></u>	<u><u>\$ 12,193,077</u></u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

B. Liabilities

Accounts payable and accrued liabilities are composed of the following amounts at June 30, 2022:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities	<u>\$ 853,161</u>	<u>\$ 130,757</u>	<u>\$ 983,918</u>
Business- Type Activities:			
Water and Sewer	<u>\$ 136,965</u>	<u>\$ 27,292</u>	<u>\$ 164,257</u>

Pension Plan Obligations

Local Governmental Employees' Retirement System of North Carolina

Plan Description. The Town of Blowing Rock 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report 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 (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.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

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 of 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 Town of Blowing Rock 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 Blowing Rock' contractually required contribution rate for the year ended June 30, 2022, was 12.10% of compensation for law enforcement officers and 11.35% 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 Blowing Rock were \$414,658 for the year ended June 30, 2022.

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, 2022, the Town reported a liability of \$797,623 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2021. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 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, 2021 (measurement date), the Town's proportion was 0.05201%, which was an increase of .0036% from its proportion measured as of June 30, 2020.

For the year ended June 30, 2021, the Town recognized pension expense of \$335,664. At June 30, 2022, 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	\$ 253,753	\$ -
Changes of assumptions	501,111	-
Net difference between projected and actual earnings on pension plan investments	-	1,139,564
Changes in proportion and differences between Town contributions and proportionate share of contributions	15,203	38,976
Net contributions subsequent to the measurement date	414,658	-
Total:	<u>\$ 1,184,725</u>	<u>\$ 1,178,540</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

\$414,658 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 ending June 30, 2023. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 63,510
2024	(40,132)
2025	(83,137)
2026	(348,714)
Thereafter	-
	<u>\$ (408,473)</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary Increases	3.25 to 8.25 percent, which includes a 3.25% inflation and productivity
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2020 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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, 2022 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%
Total	100.0%	

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 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 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 3,096,307	\$ 797,623	\$ (1,094,060)

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

Law Enforcement Officers' Special Separation Allowance

Plan Description

The Town of Blowing Rock 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. A separate report was not issued for the plan.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Inactive members currently receiving benefits	3
Active plan members	13
Total	16

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

Summary of Significant Accounting Policies:

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

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

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2020 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index. Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

The actuarial assumption used in the December 31, 2020 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2020.

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projections: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths After Retirement (Health): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

Deaths After Retirement (Disabled Members at Retirement): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths After Retirement (Survivors of Deceased Members): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

Deaths Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly.

Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$35,207 as benefits came due for the reporting period.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

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

At June 30, 2022, the Town reported a total pension liability of \$425,333. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing 2021 update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$39,749.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,409	\$ 4,674
Changes of assumptions	59,957	11,267
Town benefit payments and plan administrative expense made subsequent to the measurement date	17,603	-
Total	<u>\$ 133,969</u>	<u>\$ 15,941</u>

\$17,603 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 ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2023	\$ 26,722
2024	23,901
2025	25,076
2026	17,539
2027	7,187
Thereafter	-

Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate. The following presents the Town's total pension liability calculated using the discount rate of 2.25%, 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 (1.25%) or 1-percentage-point higher (3.25%) than the current

	1% Decrease (1.25%)	Discount Rate (2.25%)	1% Increase (3.25%)
Total pension liability:	\$ 456,904	\$ 425,333	\$ 396,352

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

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

Beginning Balance	\$ 381,931
Service Cost	25,745
Interest on the total pension liability	7,032
Differences between expected and actual experience in the measurement of the total pension liability	55,647
Changes in assumptions of other inputs	(9,815)
Benefit payments	(35,207)
Ending balance of the total pension liability	\$ 425,333

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, 2020 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2020.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 335,664	\$ 39,749	\$ 375,413
Pension Liability	797,623	91,110	888,733
Proportionate share of the net pension liability	0.05201%	n/a	
 Deferred of Outflows of Resources			
Differences between expected and actual experience	253,753	56,409	310,162
Changes of assumptions	501,111	59,957	561,068
Changes in proportion and differences between contributions and proportionate share of contributions	15,203	-	15,203
Benefit payments and administrative costs paid subsequent to the measurement	414,658	17,603	432,261
 Deferred of Inflows of Resources			
Differences between expected and actual experience	-	4,674	4,674
Changes of assumptions	-	11,267	11,267
Net difference between projected and actual earnings on plan investments	1,139,564	-	1,139,564
Changes in proportion and differences between contributions and proportionate share of contributions	38,976	-	38,976

TOWN OF BLOWING ROCK, NORTH CAROLINA

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Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy - Article 12E of G.S. Chapter 143 requires the Town to contribute an amount equal to five percent of each general employee and five percent of each officer's salary, and all amounts are vested immediately. Also, employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 for general employees and law enforcement officers, respectively, were \$192,459 and \$45,661, which consisted of \$141,207 from the Town and \$51,242 from general employees and \$31,260 from the Town and \$14,401 from the law enforcement officers. No amounts were forfeited.

Other Post-Employment Benefits

Healthcare Benefits

Medical Insurance Benefits

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

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

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

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

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

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Those former employees who are eligible to receive medical benefits from the RHBF are long-term disability beneficiaries of the Disability Income Plan of North Carolina (DIPNC) and retirees of the TSERS, the Consolidated Judicial Retirement System (CJRS), the Legislative Retirement System (LRS), the University Employees' Optional Retirement Program (ORP), and a small number of local governments, with five or more years of contributory membership service in their retirement system prior to disability or retirement, with the following exceptions: for employees first hired on or after October 1, 2006, and members of the General Assembly first taking office on or after February 1, 2007, future coverage as retired employees and retired members of the General Assembly is subject to the requirement that the future retiree have 20 or more years of retirement service credit in order to receive coverage on a noncontributory basis. Employees first hired on or after October 1, 2006 and members of the General Assembly first taking office on or after February 1, 2007 with 10 but less than 20 years of retirement service credit are eligible for coverage on a partially contributory basis. For such future retirees, the state will pay 50% of the State Health Plan's noncontributory premium.

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

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

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also, by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer RHBF, including costs to conduct required actuarial valuations of state-supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Town contributed 6.68% through January 2022, and then 5.90% from February 2022 through June 2022, which amounted to \$225,996.

At June 30, 2022, the Town reported a liability of \$6,542,559 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2021, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2020. The total OPEB liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net OPEB liability was based on a projection of the Town's present value of future salary, actuarially determined. At June 30, 2022, the Town's proportion was 0.00255%. For the year ended June 30, 2022, the Town recognized OPEB expense of \$284,869.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 38,626	\$ 121,787
Changes of assumptions	535,125	1,589,984
Net difference between projected and actual earnings on OPEB plan investments	-	3,347
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,515,318	-
Employer contributions subsequent to the measurement date	225,996	-
Total:	\$ 2,315,065	\$ 1,715,118

\$225,996 reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	\$ 247,017
2024	(97,165)
2025	(223,762)
2026	(68,248)
2027	(231,793)
Thereafter	-
Total	\$ (373,951)

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2019 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2020. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

The plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, 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 mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2010 through December 31, 2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return are developed for each major asset class. These ranges 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 and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

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June 30, 2022

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

Discount Rate. The discount rate used to measure the total OPEB liability for RHBF was 2.16%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 2.16% was used as the discount rate used to measure the total OPEB liability. The 2.16% rate is based on the Bond Buyer 20-Year General Obligation Index as of June 30, 2021.

Inflation	3.00%
Salary increases	Law Enforcement Officers: 8.10% grading down to 3.50%; General Employees: 3.50% to 7.55%
Investment rate of return	7.00%, net of OPEB plan investment expense, including inflation
Healthcare cost trend rates - Medical	6.00% grading down by 5.00% by 2026 for non-MA coverage; 5.00% for MA Coverage
Healthcare cost trend rates - Prescription drug	9.50% grading down by 5% by 2030
Healthcare cost trend rates - Medicare advantage	6.5% grading down by 5% by 2024
Healthcare cost trend rates - Administrative	3.00%
Post-Retirement Mortality Rates	The Plan currently uses mortality tables that vary by age, gender, employee group (i.e. teacher, general employee, or law enforcement officer) and health status (i.e. disabled or not disabled). The current mortality rates are based on published tables and studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

Sensitivity of the Board's Proportionate Share of the Net RHBF OPEB Liability to Changes in the Discount Rate. The following presents the Town's proportionate share of the net OPEB liability, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB liability	\$ 7,782,279	\$ 6,542,559	\$ 5,538,525

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Notes to the Financial Statements

June 30, 2022

Sensitivity of the Board’s Proportionate Share of the Net RHBF OPEB Liability to Changes in the Healthcare Trend Rates. The following presents the Town’s proportionate share of the net OPEB liability, as well as what the Town’s proportionate share of the net OPEB liability would be if it were calculated using healthcare trend rates that are 1-percentage-point lower or 1-percentage point higher than the current healthcare trend rates:

	1% Decrease in Trend Rates	Current Trend Rates (6.5% Medical, 7.25% Rx, 3.00% Admin Expenses)	1% Increase in Trend Rates
Net OPEB liability	\$ 5,298,369	\$ 6,542,559	\$ 8,193,091

RHBF OPEB Plan Fiduciary Net Position. Detailed information about the OPEB plan’s fiduciary net position is available in the separately issued Annual Comprehensive Financial Report for the State of North Carolina.

Healthcare Benefits

Plan Description. The post-employment healthcare benefits are provided through a single employer defined benefit plan. The Town Council has the authority to establish and amend the benefit terms. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. The Comprehensive Dental Plan is administered by Companion Life Insurance Company, which establish premium rates approved by the Department of Insurance of South Carolina.

According to a Town resolution, the Town provides post-employment dental benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System (System) and have at least ten years of creditable service with the Town and retire with full benefits under the System. The Town pays full cost of premiums. The Town's retirees may also purchase coverage for their dependents through this plan. Total membership includes 13 inactive employees or beneficiaries current receiving benefits and 69 active members for a total membership of 82. A separate report is not issued for the plan.

Total OPEB Liability

The Town’s total OPEB liability of \$65,808 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.5 percent
Salary increases	
General employees	3.25 - 8.41 percent, including inflation
Firefighters	3.25 - 8.15 percent, including inflation
Law Enforcement Officers	3.25 - 7.35 percent, including inflation
Discount rate	2.16 percent
Healthcare cost trend rates	Pre-medicare - 7.00% for 2021 decreasing to an ultimate rate of 4.50% by Medicare - 5.125% for 2021 decreasing to an ultimate rate of 4.50% by 2036

The discount rate is based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index.

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2015 to December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2021 valuation were based on a review of recent plan experience done concurrently with the June 30, 2021 valuation.

Total OPEB Liability

Beginning balance	\$ 65,808
Changes for the year:	
Service cost at end of year	2,982
Interest	1,436
Differences between expected and actual experience	25,941
Changes of assumptions or other inputs	390
Benefit payments and implicit subsidy credit	2,180
Net Benefit Payments	<u>(7,627)</u>
Ending balance of the total pension liability	<u><u>\$ 91,110</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 2.21% to 2.16%.

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 (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	Decrease (1.16%)	Rate (2.16%)	Increase (3.16%)
Net OPEB liability	\$ 98,871	\$ 91,110	\$ 84,202

Sensitivity of 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:

	Decrease (1.00%)	Current	Increase (1.00%)
Net OPEB liability	\$ 83,406	\$ 91,110	\$ 100,300

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

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

For the year ended June 30, 2022., the Town recognized OPEB expense of \$28,205. At June 30, 2022, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 5,263	\$ 446
Changes of assumptions	9,131	1,663
Employer contributions subsequent to the measurement date	3,855	-
Total:	\$ 18,249	\$ 2,109

\$3,855 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 OPEB liability in the year ending June 30, 2023. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in OPEB expense as follows:

Year Ending June 30	Amount
2023	\$ 1,394
2024	1,394
2025	1,394
2026	1,761
2027	2,013
Thereafter	4,329
Total	\$ 12,285

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

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

	RHBF OPEB	Other Insurance Plan OPEB	Total
OPEB Expense	\$ 225,996	\$ 28,205	\$ 254,201
Net OPEB Liability	6,542,559	-	6,542,559
Total OPEB liability	-	91,110	91,110
Proportionate share of the net OPEB liability	0.00255%	n/a	

Deferred of Outflows of Resources:

Differences between expected and actual experience	\$ 38,626	\$ 5,263	\$ 43,889
Changes of assumptions	535,125	9,131	544,256
Net difference between projected and actual earnings on OPEB plan investments	-	-	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,515,318	-	1,515,318
Benefit payments and administrative costs paid subsequent to the measurement	225,996	3,855	229,851
Total deferred outflows of resources	\$ 2,315,065	\$ 18,249	\$ 2,333,314

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

	<u>RHBF OPEB</u>	<u>Other Insurance Plan OPEB</u>	<u>Total</u>
Deferred of Inflows of Resources:			
Differences between expected and actual experience	\$ 121,787	\$ 446	\$ 122,233
Changes of assumptions	1,589,984	1,663	1,591,647
Net difference between projected and actual earnings on plan investments	3,347	-	3,347
Total deferred inflows of resources	\$ 1,715,118	\$ 2,109	\$ 1,717,227

Deferred Inflows and Outflows of Resources

Deferred outflows of resources are comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 414,658
Benefit payments made and administrative expenses for LEOSSA	17,603
Benefit payments made and administrative expenses for OPEB	229,851
Differences between expected and actual experience	354,051
Changes of assumptions	1,105,324
Net difference between projected and actual earnings on investments	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,530,521
Total:	\$ 3,652,008

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

	<u>Statement of Net Position</u>	<u>General Fund</u>
Taxes receivable	\$ -	\$ 44,765
Prepaid taxes	2,730	2,730
Changes in assumptions	1,602,914	-
Differences between expected and actual experience	126,907	-
Net differences between projected and actual earnings on plan investments	1,142,911	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	38,976	-
Total:	\$ 2,914,438	\$ 47,495

TOWN OF BLOWING ROCK, NORTH CAROLINA

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Other Employment Benefits

Death Benefit Plan

The Town has also 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 one hundred eighty (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.

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 a self-funded risk-financing pools administered by the North Carolina League of Municipalities for workers compensation. The pool is reinsured through commercial companies for single occurrence claims against general liability, auto liability, police professional liability and public officials liability in excess of \$1,000,000; property in excess of \$500,000 and \$1,000,000 up to statutory limits for workers' compensation for the current policy period.

The pool is audited annually by certified public accountants, and the audited financial statements are available to the Town upon request. Owner purchases employee health insurance coverage from the North Carolina State Health Plan for Teachers and State Employees. The health insurance plan is fully insured by the carrier.

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

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more of the Town's funds at any given time of the Town's funds are performance bonded through a commercial surety bond with a \$25,000 coverage limit per incident. The Finance Officer and Tax Collector are each individually bonded for \$100,000 each.

Claims, Judgments and Contingent Liabilities

At June 30, 2022, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town's attorneys, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

Long-Term Obligations

Installment Purchases

The long-term obligations of the Town are as follows:

4.22% notes for \$4,700,000, issued in October 2006; payable in annual installments of \$235,000, including interest; beginning in October 2006 with final payment due 2026	\$ 940,000
2.89% note for \$438,270, issued November, 2018; payable in annual installments of \$117,771, including interest; beginning November, 2019 with final payment due 2022	114,446
2.445% note for \$536,194, issued March 2012; payable in annual installments of \$27,519 beginning March 2012 with final payment due 2033	294,907
0% note for \$756,480, issued May 2010; payable in annual installments of \$37,824 beginning May 2010 with final payment due 2031	340,416
4.08% note for \$1,000,000; issued August 2009; payable in annual installments of \$76,923 beginning August 2009 with final payment due 2025	230,769
2.83% note for \$1,700,580, issued May 2015; payable in annual installments of \$113,372 beginning May 2015 with final payment 2030	906,976
1.82% note, payable in annual installments of \$78,536, including interest, beginning November 2020 through 2023; secured by various vehicles and equipment	162,386
1.99% note for \$442,250, issued in January 2021; payable in annual installments of \$48,178, including interest, beginning November 2022 through 2031; secured by the real property	442,250
1.60% note for \$102,665, issued November 2020; payable in annual installments of \$26,701 beginning November 2021 with final payment 2024	76,999
1.60% note for \$405,000, issued September 2017; payable in annual installments of \$106,311 beginning September 2018 with final payment September 2021	-
1.19% note for \$475,000, issued August 2021; payable in annual installments of \$122,455 beginning November 2022 with final payment November 2025	465,500
0% note for \$800,000, issued December 2021; payable in annual installments of \$200,000 beginning December 2022 with final payment in December 2025	<u>800,000</u>
Total notes payable, secured - governmental and business-type activities	<u>\$ 4,774,649</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

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The Town's outstanding note from direct placements of \$940,000 is secured by a security interest in the fixtures that are part of the property. Upon the occurrence of any event of default, the bank may exercise any one or more of the following remedies as the bank in its sole discretion shall elect:

- (a) Declare the entire principal amount of the installment payments and all accrued interest and other charges immediately due and payable without notice or demand to the Borrower;
- (b) Proceed by appropriate court action to enforce performance by the borrower of the applicable covenants of this contract or to recover for the breach thereof;
- (c) Exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State of North Carolina and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved hereunder, including, without limitation, to the extent permitted by law,
- (d) Terminate this contract as to all or any part of the equipment and use, operate, lease or hold all or any part of the equipment as the bank in its sole discretion may decide; or
- (e) Take possession of any proceeds of the equipment, including net proceeds.

All remedies of the bank are cumulative and may be exercised concurrently or separately. The exercise of any one remedy shall not be deemed an election of such remedy or preclude the exercise of any other remedy. The borrower agrees to pay to the bank all court costs and reasonable attorney fees incurred by bank in enforcing the bank's rights and remedies under the financing

The Town's outstanding note from direct placements of \$114,446 is secured by a security interest in the equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, all commitments and obligations of lender under this agreement or the related documents or any other agreement immediately will terminate (including any obligation to make further loan advances or disbursements), and, at lender's option, all indebtedness immediately will become due and payable, all without notice of any kind to borrower, except that in the case of an event of default of the type described in the "insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, lender shall have all the rights and remedies provided in the related documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of borrower or of any grantor shall not affect lender's right to declare a default and to exercise its

The Town's outstanding note from direct borrowing of \$294,907 is payable solely from the revenues of the project or benefited systems, or other available funds. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, any other monies due to the Town from the state may be withheld by the state and applied to the payment of this obligation.

The Town's outstanding note from direct borrowing of \$340,416 is payable solely from the revenues of the project or benefited systems, or other available funds. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the outstanding principal and interest are due. Upon default, any other monies due to the Town from the state may be withheld by the state and applied to the payment of this obligation.

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The Town's outstanding note from direct placements of \$230,769 is secured by a security interest in the real property and the improvements. Upon the occurrence of any event of default, the bank may exercise any one or more of the following remedies as the bank in its sole discretion shall elect:

- (a) Declare the entire principal amount of the installment payments and all accrued interest and other charges immediately due and payable without notice or demand to the borrower;
- (b) Proceed by appropriate court action to enforce performance by the borrower of the applicable covenants of this contract or to recover for the breach thereof;
- (c) Exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State of North Carolina and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved hereunder, including, without limitation, to the extent permitted by law, take possession of any collateral without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of the borrower, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs and expenses, including court costs and attorney's fees, incurred with the recovery, repair, storage and other sale, lease or other disposition costs, toward the balance due under this contact and, thereafter, shall pay any remaining proceeds to the borrower;
- (d) Terminate this contract as to all or any part of the equipment and use, operate, lease or hold all or any part of the equipment as the bank in its sole discretion may decide; or
- (e) Enforce its security interest or institute foreclosure proceedings under the Deed of Trust on all or any portion of real property; or
- (f) Terminate the Escrow Fund in accordance with the escrow agreement.

The Town's outstanding note from direct placements of \$906,976 is secured by a security interest in the property. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, the lender will exercise any one or more of the following remedies: (a) Declare the unpaid principal components of the installment payments immediately due and payable; (b) Proceed by appropriate court action to enforce the Town's performance of the applicable covenants of this agreement or to recover for the breach thereof; (c) As provided in the Project Fund Agreement, require the bank to pay over any balance remaining in the Project Fund to be applied against outstanding required payments in any manner the bank may reasonably deem appropriate; and (d) Avail itself of all available remedies under this agreement, including execution as provided and attorney's fees and other expenses.

The Town's outstanding note from direct placements of \$162,386 is secured by a security interest in the equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, all commitments and obligations of lender under this agreement or the related documents or any other agreement immediately will terminate (including any obligation to make further loan advances or disbursements), and, at lender's option, all indebtedness immediately will become due and payable, all without notice of any kind to borrower, except that in the case of an event of default of the type described in the "insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, lender shall have all the rights and remedies provided in the related documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of borrower or of any grantor shall not affect lender's right to declare a default and to exercise its

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

The Town's outstanding note from direct placements of \$442,250 is secured by a security interest in the property. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, all commitments and obligations of lender under this agreement or the related documents or any other agreement immediately will terminate (including any obligation to make further loan advances or disbursements), and, at lender's option, all indebtedness immediately will become due and payable, all without notice of any kind to borrower, except that in the case of an event of default of the type described in the "insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, lender shall have all the rights and remedies provided in the related documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of borrower or of any grantor shall not affect lender's right to declare a default and to exercise its

The Town's outstanding note from direct placements of \$76,999 is secured by a security interest in the equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, all commitments and obligations of lender under this agreement or the related documents or any other agreement immediately will terminate (including any obligation to make further loan advances or disbursements), and, at lender's option, all indebtedness immediately will become due and payable, all without notice of any kind to borrower, except that in the case of an event of default of the type described in the "insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, lender shall have all the rights and remedies provided in the related documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of borrower or of any grantor shall not affect lender's right to declare a default and to exercise its

The Town's outstanding note from direct placements of \$465,500 is secured by a security interest in the vehicles and equipment. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, all commitments and obligations of lender under this agreement or the related documents or any other agreement immediately will terminate (including any obligation to make further loan advances or disbursements), and, at lender's option, all indebtedness immediately will become due and payable, all without notice of any kind to borrower, except that in the case of an event of default of the type described in the "insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, lender shall have all the rights and remedies provided in the related documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of borrower or of any grantor shall not affect lender's right to declare a default and to exercise its rights and remedies.

The Town's outstanding note from direct placements of \$800,000 is secured by a security interest in the property. Upon the failure to pay or make timely payments or the failure to budget/appropriate for the debt service, all commitments and obligations of lender under this agreement or the related documents or any other agreement immediately will terminate (including any obligation to make further loan advances or disbursements), and, at lender's option, all indebtedness immediately will become due and payable, all without notice of any kind to borrower, except that in the case of an event of default of the type described in the "insolvency" subsection above, such acceleration shall be automatic and not optional. In addition, lender shall have all the rights and remedies provided in the related documents or available at law, in equity, or otherwise. Except as may be prohibited by applicable law, all of lender's rights and remedies shall be cumulative and may be exercised singularly or concurrently. Election by lender to pursue any remedy shall not exclude pursuit of any other remedy, and an election to make expenditures or to take action to perform an obligation of borrower or of any grantor shall not affect lender's right to declare a default and to exercise its rights and remedies.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

Maturities of long-term debt from direct borrowing and direct placements, including interest are as follows:

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2023	\$ 872,275	\$ 78,836	\$ 197,192	\$ 17,062
2024	816,549	66,088	134,976	13,033
2025	766,853	47,708	109,719	10,913
2026	666,269	28,595	109,919	9,256
2027	128,021	14,210	92,977	7,596
2028-2032	482,717	25,892	370,375	17,322
2033-2037	-	-	26,807	656
Total	\$ 3,732,684	\$ 261,329	\$ 1,041,965	\$ 75,838

General Obligation Bonds

2.0% bonds issued for \$3,500,000, Public Improvement, Series 2016 due on September 1 and March 1 in installments of \$180,000 plus interest through March 1, 2036	\$ 2,420,000
2.0% bonds issued for \$1,135,000, Public Improvement, Series 2016 due on September 1 and March 1 in installments of \$55,000 plus interest through March 1, 2036	805,000
2.9366% bonds issued for \$1,757,500, Public Improvement, Series 2018 due on September 1 and March 1 in installments of \$90,000 plus interest through March 1, 2038	1,380,000
2.9366% bonds issued for \$542,500, Public Improvement, Series 2018 due on September 1 and March 1 in installments of \$30,000 plus interest through March 1, 2038	440,000
2.954% bonds issued for \$3,690,000, Public Improvement, Series 2020 due on November 1 in installments of \$185,000 plus interest through November 1, 2039	3,320,000
2.954% bonds issued for \$680,000, Public Improvement, Series 2020 due on November 1 in installments of \$35,000 plus interest through November 1, 2039	610,000
Total	\$ 8,975,000

Year Ending June 30	General Fund		Water and Sewer Fund	
	Principal	Interest	Principal	Interest
2023	\$ 455,989	\$ 207,296	\$ 119,011	\$ 52,009
2024	455,989	189,897	119,011	47,708
2025	455,989	174,317	119,011	43,988
2026	450,989	158,738	124,011	40,267
2027	447,198	143,258	122,802	36,447
2028-2032	2,228,407	491,289	611,593	126,501
2033-2037	1,997,033	199,901	522,967	48,379
2038-2042	628,407	20,764	116,593	3,864
Total	\$ 7,120,001	\$ 1,585,460	\$ 1,854,999	\$ 399,163

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

At June 30, 2022, the Town of Blowing Rock had a legal debt margin of \$85,698,552.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2022:

<u>Governmental Activities:</u>	Restated Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Installment purchase - Direct placements	\$ 2,698,668	\$ 1,650,750	\$ 616,734	\$ 3,732,684	\$ 872,275
General obligation bonds	7,575,000	-	455,000	7,120,000	455,989
Unamortized bond premiums	379,067	-	20,175	358,892	20,175
Net pension liability (LGERS)	1,454,013	-	784,010	670,003	-
Total pension liability (LEOSSA)	381,931	43,402	-	425,333	-
Net OPEB liability	4,336,125	1,159,624	-	5,495,749	-
Total OPEB liability	55,279	21,253	-	76,532	-
Compensated absences	324,146	281,870	200,388	405,628	101,407
Governmental activities long-term liabilities:	<u>\$ 17,204,229</u>	<u>\$ 3,156,899</u>	<u>\$ 2,076,307</u>	<u>\$ 18,284,821</u>	<u>\$ 1,449,846</u>

Business-type Activities:

Water and Sewer Fund

General obligation bonds	\$ 1,975,000	\$ -	\$ 120,000	\$ 1,855,000	\$ 119,011
Unamortized bond premiums	40,944	-	2,232	38,712	2,232
Installment purchase - Direct placements and direct borrowings	1,164,604	66,500	189,139	1,041,965	197,192
Net Pension Liability (LGERS)	276,955	-	149,335	127,620	-
Net OPEB liability	825,929	220,881	-	1,046,810	-
Total OPEB liability	10,529	4,049	-	14,578	-
Compensated absences	53,601	47,281	28,448	72,434	18,109
Water and Sewer Fund long-term liabilities:	<u>\$ 4,347,562</u>	<u>\$ 338,711</u>	<u>\$ 489,154</u>	<u>\$ 4,197,119</u>	<u>\$ 336,544</u>

Other post-employment liabilities, pension liabilities and compensated absences typically have been liquidated in the General Fund. Compensated absences are accounted for on a FIFO basis, assuming that the employees are taking leave time as it is earned.

Contingencies

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

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

Interfund Transactions

Transfers to/from Other Funds

Transfers to/from other funds for the year ended June 30, 2022 consist of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>
BRAAC	General Fund; for watering and beautification	\$ 12,000
General Fund	Capital Project Fund, for projects in progress	1,228,071
Capital Project Fund	General Fund; for GO Bond Service Payment	180,000
American Rescue Plan Act Fund	Water & Sewer Fund, for Sewer line projects	180,852
Water & Sewer Capital Projects Fund	Water & Sewer Fund; for GO Bond and Interconnect Debt Service	75,584
Water & Sewer Fund	Water & Sewer Capital Projects Fund; for PRV Reserve	159,618
Total:		<u>\$ 1,836,125</u>

Due to/from Other Funds

Balances due to/from other funds at June 30, 2022, consist of the following:

Due from the Capital Project Fund for its activity allocation to the General Fund:

Capital Project Fund	<u>\$ 1,210,517</u>
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III. Joint Ventures

The Town, in conjunction with seven counties and eighteen municipalities, established the Region D Council of Governments (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 dues of \$684 during the fiscal year ended June 30, 2022.

IV. Summary Disclosure of Significant Contingencies Federal and State-Assisted Programs

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

V. Summary Disclosure of Significant Commitments and Contingencies

Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the Town, COVID-19 is expected to impact various parts of its fiscal year 2022-23 operations and financial results. Management believes the Town is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2022

VI. Prior Period Adjustment(s)

Adjustments were recorded that increased fund balance for the General Fund by \$111,208 and increased fund balance in the Water & Sewer Fund by \$83,883. On the General Fund, the adjustments were to record a correction to opening accounts payable (increase of \$63,746), to adjust sales tax and franchise tax received to consider the receivable from September 2021 (increase of \$224,033), to adjust accounts receivable from prior years to agree with reports (decrease of \$144,058), to record prior year unbilled receivables (increase of \$4,676), and to fix mispostings to current year debt proceeds (decrease of \$37,189). On the Water & Sewer Fund, the adjustments were to record prior year unbilled receivables which had not been recognized (increase of \$63,534), to move a debt payment which had been applied to Governmental liabilities to Water & Sewer Fund debt service (decrease of \$24,818), and to move a Sewer line which had been capitalized in the Governmental Fixed assets to Water & Sewer fixed assets, along with it's associated accumulated depreciation (increase of \$45,167). On the government-wide statement, adjustments were made in addition to General Fund adjustments to recognize the movement of the Sewer line to the Water & Sewer fund (decrease of \$45,167) and to record the movement of the debt service payment applied to the governmental long-term liabilities to the Water & Sewer Fund (increase of \$24,818), for a net government-wide prior period adjustment increasing net position by \$90,859.

REQUIRED SUPPLEMENTARY INFORMATION

This section contains additional information required by generally accepted accounting principles. Presentation conforms to requirements of the Local Government Commission in North Carolina.

Schedule of Proportionate Share of the Net Pension Liability (Asset) - Local Government Employee's Retirement System

Schedule of Contributions - Local Government Employees' Retirement System

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

Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance

Schedule of Changes in the Total OPEB Liability and Related Ratios

Schedule of Proportionate Share of Net OPEB Liability - Retiree Health Benefit Fund

Schedule of Contributions to the Retiree Health Benefit Fund

TOWN OF BLOWING ROCK, NORTH CAROLINA
Town's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Nine Fiscal Years*

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Blowing Rock proportion of the net pension liability (asset) (%)	0.05201%	0.04840%	0.04820%	0.04970%	0.04270%
Blowing Rock proportion of the net pension liability (asset) (\$)	\$ 797,623	\$ 1,730,968	\$ 1,316,304	\$ 1,178,342	\$ 652,338
Blowing Rock covered payroll	\$ 3,075,426	\$ 2,878,094	\$ 2,818,331	\$ 2,923,978	\$ 2,428,119
Blowing Rock proportionate share of the net pension liability (asset) as a percentage of its covered payroll	25.94%	60.14%	46.71%	40.30%	26.87%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	88.61%	90.86%	91.63%	94.18%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Blowing Rock proportion of the net pension liability (asset) (%)	0.0402%	0.0401%	-0.03970%	0.03730%	
Blowing Rock proportion of the net pension liability (asset) (\$)	\$ 852,754	\$ 183,961	\$ (233,953)	\$ 449,608	
Blowing Rock covered payroll	\$ 2,235,534	\$ 2,056,654	\$ 1,851,018	\$ 1,930,820	
Blowing Rock proportionate share of the net pension liability (asset) as a percentage of its covered payroll	38.15%	8.94%	-12.64%	23.29%	
Plan fiduciary net position as a percentage of the total pension liability**	91.47%	98.09%	102.64%	94.35%	

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

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Town of Blowing Rock Contributions
 Required Supplementary Information
 Last Nine Fiscal Years

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 414,658	\$ 317,074	\$ 261,419	\$ 222,898	\$ 223,232
Contributions in relation to the contractually required contribution	414,658	317,074	261,419	222,898	223,232
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Blowing Rock's covered payroll	\$ 3,590,007	\$ 3,075,426	\$ 2,878,094	\$ 2,818,331	\$ 2,923,978
Contributions as a percentage of covered payroll	11.55%	10.31%	9.08%	7.91%	7.63%
	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	
Contractually required contribution	\$ 179,484	\$ 151,742	\$ 149,590	\$ 131,628	
Contributions in relation to the contractually required contribution	179,484	151,742	149,590	131,628	
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
Blowing Rock's covered payroll	\$ 2,428,119	\$ 2,235,534	\$ 2,056,654	\$ 1,851,018	
Contributions as a percentage of covered payroll	7.29%	6.79%	7.27%	7.11%	

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF BLOWING ROCK, NORTH CAROLINA
 Schedule of Changes in Total Pension Liability
 Law Enforcement Officers' Special Separation Allowance
 Last Six Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning Balance	\$ 381,931	\$ 314,622	\$ 300,950
Service Cost	25,745	10,878	10,572
Interest on the total pension liability	7,032	9,683	10,341
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	55,647	(531)	18,511
Changes of assumptions or other inputs	(9,815)	82,486	7,967
Benefit payments	(35,207)	(35,207)	(33,719)
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 425,333</u>	<u>\$ 381,931</u>	<u>\$ 314,622</u>
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	\$ 317,503	\$ 280,786	\$ 277,310
Service Cost	13,048	12,443	11,175
Interest on the total pension liability	9,791	10,614	9,693
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(14,281)	8,872	-
Changes of assumptions or other inputs	(9,763)	16,392	(5,788)
Benefit payments	(15,348)	(11,604)	(11,604)
Other changes	-	-	-
Ending balance of the total pension liability	<u>\$ 300,950</u>	<u>\$ 317,503</u>	<u>\$ 280,786</u>

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF BLOWING ROCK, NORTH CAROLINA
 Schedule of Pension Liability as a Percentage of Covered Payroll
 Law Enforcement Officers' Special Separation Allowance
 Last Six Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 425,333	\$ 381,931	\$ 314,622
Covered payroll	613,027	452,661	432,332
Total pension liability as a percentage of covered payroll	69.38%	84.37%	72.77%
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 300,950	\$ 317,503	\$ 280,786
Covered payroll	450,078	462,909	414,828
Total pension liability as a percentage of covered payroll	66.87%	68.59%	67.69%

Note to the schedules:

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF BLOWING ROCK, NORTH CAROLINA
Schedule of Changes in the Total OPEB Liability and Related Ratios
Other Post Employment Benefits
Last Five Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>
Service Cost	\$ 2,982	\$ 2,181	\$ 1,666
Interest on the Total OPEB Liability	1,436	2,042	1,912
Changes of Benefit Terms	25,941	-	-
Differences between expected and actual experience	390	709	6,344
Changes of assumptions or other inputs	2,180	7,379	1,986
Benefit payments	<u>(7,627)</u>	<u>(5,307)</u>	<u>(4,473)</u>
Net change in total OPEB liability	25,302	7,004	7,435
Total OPEB Liability - beginning	65,808	58,804	51,369
Total OPEB Liability - ending	<u>\$ 91,110</u>	<u>\$ 65,808</u>	<u>\$ 58,804</u>
Covered payroll	\$ 3,131,562	\$ 2,585,218	\$ 2,585,218
Total OPEB liability as a percentage of covered payroll	2.91%	2.55%	2.27%
	<u>2019</u>	<u>2018</u>	
Service Cost			
Interest on the Total OPEB Liability	\$ 1,752	\$ 1,861	
Changes of Benefit Terms	-	-	
Differences between expected and actual experience	1,843	1,653	
Changes of assumptions or other inputs	(613)	(371)	
Benefit payments	(1,438)	(2,525)	
Net change in total OPEB liability	<u>(3,795)</u>	<u>(3,725)</u>	
Total OPEB Liability - beginning	(2,251)	(3,107)	
Total OPEB Liability - ending	<u>53,620</u>	<u>56,727</u>	
	<u>\$ 51,369</u>	<u>\$ 53,620</u>	
Covered payroll	\$ 2,260,517	\$ 2,260,517	
Total OPEB liability as a percentage of covered payroll	2.27%	2.37%	

Notes to the Required Schedules:

Changes of Assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.59%
2019	3.89%
2020	3.50%
2021	2.21%
2022	2.16%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF BLOWING ROCK, NORTH CAROLINA
Town of Blowng Rock's Proportionate Share of Net OPEB Liability - Retiree Health Benefit Fund
Required Supplementary Information
Last Six Fiscal Years*

Retiree Health Benefit Fund			
	<u>2022</u>	<u>2021</u>	<u>2020</u>
Blowing Rock proportion of the net OPEB liability (asset) (%)	0.00255%	0.01861%	0.01807%
Blowing Rock proportion of the net OPEB liability (asset) (\$)	\$ 6,542,559	\$ 5,162,054	\$ 5,716,124
Blowing Rock covered payroll	\$ 3,075,426	\$ 2,878,094	\$ 2,818,331
Blowing Rock proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	212.74%	179.36%	202.82%
Plan fiduciary net position as a percentage of the total OPEB liability**	7.72%	6.92%	4.40%
	<u>2019</u>	<u>2018</u>	<u>2017</u>
Blowing Rock proportion of the net OPEB liability (asset) (%)	0.01669%	0.01543%	0.01353%
Blowing Rock proportion of the net OPEB liability (asset) (\$)	\$ 4,754,310	\$ 5,058,674	\$ 5,884,069
Blowing Rock covered payroll	\$ 2,923,978	\$ 2,428,119	\$ 2,235,534
Blowing Rock proportionate share of the net OPEB liability (asset) as a percentage of its covered payroll	174.19%	208.34%	263.21%
Plan fiduciary net position as a percentage of the total OPEB liability**	4.40%	3.52%	2.41%

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

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF BLOWING ROCK, NORTH CAROLINA
Schedule of the Town of Blowing Rock's Contributions to the Retiree Health Benefit Fund
Required Supplementary Information
Last Six Fiscal Years*

Retiree Health Benefit Fund			
	2022	2021	2020
Contractually required contribution	\$ 225,996	\$ 205,438	\$ 186,208
Contributions in relation to the contractually required contribution	225,996	205,438	186,208
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Blowing Rock's covered payroll	\$ 3,590,007	\$ 3,075,426	\$ 2,878,094
Contributions as a percentage of covered payroll	6.30%	6.68%	6.47%
	2019	2018	2017
Contractually required contribution	\$ 176,709	\$ 165,126	\$ 139,509
Contributions in relation to the contractually required contribution	176,709	165,126	139,509
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Blowing Rock's covered payroll	\$ 2,818,331	\$ 2,923,978	\$ 2,428,119
Contributions as a percentage of covered payroll	6.27%	6.05%	5.75%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

MAJOR GOVERNMENTAL FUNDS

General Fund

Capital Project Fund - Various Projects

TOWN OF BLOWING ROCK, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem Taxes			
Taxes	\$ 5,285,649	\$ 5,314,947	\$ 29,298
Penalties and Interest	9,000	16,845	7,845
Total Ad Valorem Taxes:	<u>5,294,649</u>	<u>5,331,792</u>	<u>37,143</u>
Other Taxes and Licenses			
Occupancy tax	2,751,279	2,462,392	(288,887)
Total Other Taxes and Licenses:	<u>2,751,279</u>	<u>2,462,392</u>	<u>(288,887)</u>
Unrestricted Intergovernmental Revenues			
Local Option Sales Tax	2,308,880	2,564,284	255,404
Utility Franchise Tax	293,893	321,171	27,278
Telecommunications tax	19,500	17,098	(2,402)
Video programming	37,000	39,896	2,896
Beer and Wine Tax	6,000	5,441	(559)
ABC profit distribution	134,000	114,685	(19,315)
Total Unrestricted Intergovernmental:	<u>2,799,273</u>	<u>3,062,575</u>	<u>263,302</u>
Restricted Intergovernmental Revenues			
Powell Bill Allocation	70,000	83,266	13,266
Snow Removal	9,000	11,302	2,302
Solid Waste Disposal Tax	1,000	1,042	42
ABC revenue for law enforcement	5,000	6,558	1,558
Federal and State Grants	27,571	107,501	79,930
Total Restricted Intergovernmental:	<u>112,571</u>	<u>209,669</u>	<u>97,098</u>
Permits and Fees			
Building Permits	136,475	135,846	(629)
Other Fees	7,500	600	(6,900)
Total Permits and Fees:	<u>143,975</u>	<u>136,446</u>	<u>(7,529)</u>
Sales and Services			
Recreation department	125,815	156,345	30,530
Recycling	93,364	86,153	(7,211)
Parking fines	1,000	2,400	1,400
Rental income	16,760	18,370	1,610
Total Sales and Services:	<u>236,939</u>	<u>263,268</u>	<u>26,329</u>
Investment Earnings	<u>2,000</u>	<u>3,607</u>	<u>1,607</u>
Miscellaneous			
Cemetery revenues	40,000	42,808	2,808
Solid waste fees	30,000	36,916	6,916
Zoning fees	17,800	20,071	2,271
Fire department contribution	326,470	393,960	67,490
Other	375,675	623,953	248,278
Total Miscellaneous:	<u>789,945</u>	<u>1,117,708</u>	<u>327,763</u>
Total Revenues:	<u>12,130,631</u>	<u>12,587,457</u>	<u>456,826</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
Current:			
General Government:			
Other Operating Expenditures	2,471,867	2,330,888	140,979
Total general government	<u>2,471,867</u>	<u>2,330,888</u>	<u>140,979</u>
Governing Body			
Salaries and Employee Benefits	46,347	44,145	2,202
Operating Expenditures	8,750	7,506	1,244
Total governing body	<u>55,097</u>	<u>51,651</u>	<u>3,446</u>
Finance			
Salaries and Employee Benefits	479,036	479,190	(154)
Operating Expenditures	1,297,116	1,296,811	305
Total finance	<u>1,776,152</u>	<u>1,776,001</u>	<u>151</u>
Public Buildings			
Operating Expenditures	50,400	43,181	7,219
Total public buildings	<u>50,400</u>	<u>43,181</u>	<u>7,219</u>
Total general government:	<u>4,353,516</u>	<u>4,201,721</u>	<u>151,795</u>
Public Safety:			
Police:			
Salaries and Employee Benefits	1,229,624	1,197,760	31,864
Operating Expenditures	257,335	254,165	3,170
Capital Outlay	202,532	148,404	54,128
Total police:	<u>1,689,491</u>	<u>1,600,329</u>	<u>89,162</u>
Fire			
Salaries and Employee Benefits	1,161,405	1,105,087	56,318
Operating Expenditures	55,750	54,495	1,255
Total fire:	<u>1,217,155</u>	<u>1,159,582</u>	<u>57,573</u>
Inspections			
Salaries and Employee Benefits	346,956	335,175	11,781
Operating Expenditures	31,300	18,566	12,734
Capital Outlay	3,000	822	2,178
Total inspections:	<u>381,256</u>	<u>354,563</u>	<u>26,693</u>
Total public safety:	<u>3,287,902</u>	<u>3,114,474</u>	<u>173,428</u>
Transportation:			
Streets and Highways			
Salaries and Employee Benefits	613,812	614,523	(711)
Operating Expenditures	572,200	511,279	60,921
Capital Outlay	301,927	324,382	(22,455)
Total transportation	<u>1,487,939</u>	<u>1,450,184</u>	<u>37,755</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA
 General Fund
 Statement of Revenues, Expenditures and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Environmental Protection:			
Solid Waste			
Salaries and Employee Benefits	207,906	201,404	6,502
Operating Expenditures	157,000	162,773	(5,773)
Total environmental protection	<u>364,906</u>	<u>364,177</u>	<u>729</u>
Cultural and Recreation:			
Parks and Recreation			
Salaries and Employee Benefits	728,130	725,422	2,708
Other Operating Expenditures	575,010	574,713	297
Capital Outlay	20,000	20,391	(391)
Total cultural and recreational:	<u>1,323,140</u>	<u>1,320,526</u>	<u>2,614</u>
Debt Service:			
Principal retirement	1,071,734	1,071,734	-
Interest and other charges	568,371	331,323	237,048
Total Debt Service:	<u>1,640,105</u>	<u>1,403,057</u>	<u>237,048</u>
Total Expenditures:	<u>12,457,508</u>	<u>11,854,139</u>	<u>603,369</u>
Excess (Deficiency) of Revenues Over (Under)	<u>(326,877)</u>	<u>733,318</u>	<u>1,060,195</u>
Other Financing Sources (Uses):			
Transfer from other funds:			
Capital Projects Fund	60,000	180,000	(120,000)
BRAAC	12,000	12,000	-
Transfer to other funds:			
Capital Projects Fund	(1,228,071)	(1,228,071)	-
Proceeds from debt issuance	421,050	408,500	12,550
Sales of capital assets	50,900	50,900	-
Total Other Financing Sources (Uses)	<u>(684,121)</u>	<u>(576,671)</u>	<u>(107,450)</u>
Fund Balance Appropriated	<u>1,010,998</u>	<u>-</u>	<u>1,010,998</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>156,647</u>	<u>\$ 156,647</u>
Fund balance, beginning		7,056,396	
Prior Period Adjustment - See Note VI		111,208	
Total beginning fund balance, restated		<u>7,167,604</u>	
Fund balance, ending		<u>\$ 7,324,251</u>	

TOWN OF BLOWING ROCK, NORTH CAROLINA
 Capital Project Fund - Various Projects
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 From Inception and for the Year Ended June 30, 2022

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed Projects		
Revenues						
Restricted intergovernmental:						
Contributions and grants	\$ 5,748,730	\$ 1,333,032	\$ 554,401	\$ (881,396)	\$ 1,006,037	\$ (4,742,693)
Other revenues:						
Miscellaneous	96,225	22,119	-	-	22,119	(74,106)
Investment income	56,993	139,226	4,757	-	143,983	86,990
Total Revenues	<u>5,901,948</u>	<u>1,494,377</u>	<u>559,158</u>	<u>(881,396)</u>	<u>1,172,139</u>	<u>(4,729,809)</u>
Expenditures						
Recreation projects						
Capital Outlay:						
Culture and recreation	2,154,594	937,281	21,444	-	958,725	1,195,869
Total	<u>2,154,594</u>	<u>937,281</u>	<u>21,444</u>	<u>-</u>	<u>958,725</u>	<u>1,195,869</u>
Streets and sidewalks projects						
Capital Outlay:						
Transportation	8,758,908	3,589,094	1,386,010	(1,590,224)	3,384,880	5,374,028
Total	<u>8,758,908</u>	<u>3,589,094</u>	<u>1,386,010</u>	<u>(1,590,224)</u>	<u>3,384,880</u>	<u>5,374,028</u>
Public Works						
Capital Outlay:						
Public buildings and facilities	484,353	158,359	1,440,392	(1,442,250)	156,501	327,852
Total	<u>484,353</u>	<u>158,359</u>	<u>1,440,392</u>	<u>(1,442,250)</u>	<u>156,501</u>	<u>327,852</u>
Public safety projects						
Capital Outlay:						
Public safety	38,950	36,724	-	-	36,724	2,226
Total	<u>38,950</u>	<u>36,724</u>	<u>-</u>	<u>-</u>	<u>36,724</u>	<u>2,226</u>
General government:						
Capital outlay:						
General government	3,306,868	269,633	66,651	(132,640)	203,644	3,103,224
Total	<u>3,306,868</u>	<u>269,633</u>	<u>66,651</u>	<u>(132,640)</u>	<u>203,644</u>	<u>3,103,224</u>
Total Expenditures	<u>14,743,673</u>	<u>4,991,091</u>	<u>2,914,497</u>	<u>(3,165,114)</u>	<u>4,740,474</u>	<u>10,003,199</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA
 Capital Project Fund - Various Projects
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 From Inception and for the Year Ended June 30, 2022

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed Projects		
Excess (Deficiency) of Revenues Over Expenditures	(8,841,725)	(3,496,714)	(2,355,339)	2,283,718	(3,568,335)	5,273,390
Other financing sources (uses):						
Operating transfers in:						
General Fund	3,275,727	1,740,186	1,228,071	(415,912)	2,552,345	(723,382)
BRAAC	11,000	8,000	-	-	8,000	(3,000)
Operating transfers out:						
General Fund	(1,129,433)	(441,785)	(180,000)	-	(621,785)	507,648
Proceeds from long-term debt	6,434,818	2,635,674	1,242,250	(1,773,586)	2,104,338	(4,330,480)
Discount on debt issued	-	(55,587)	-	-	(55,587)	(55,587)
Bond premiums on debt issued	249,613	407,290	-	(94,220)	313,070	63,457
Total Other Financing Sources (Uses)	<u>8,841,725</u>	<u>4,293,778</u>	<u>2,290,321</u>	<u>(2,283,718)</u>	<u>4,300,381</u>	<u>(4,541,344)</u>
Appropriated Fund Balance	-	-	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 797,064</u>	<u>(65,018)</u>	<u>-</u>	<u>\$ 732,046</u>	<u>\$ 732,046</u>
Fund Balance - Beginning of Year			<u>797,064</u>			
Fund Balance - End of Year			<u>\$ 732,046</u>			

NON-MAJOR GOVERNMENT FUNDS

TOWN OF BLOWING ROCK, NORTH CAROLINA

Non-Major Funds
Combining Balance Sheet
June 30, 2022

	Appearance Advisory Commission	American Rescue Plan Act Fund	Total
Assets:			
Cash and cash equivalents	\$ 42,592	\$ -	\$ 42,592
Restricted Cash and cash equivalents	-	30,126	30,126
Total assets	<u>42,592</u>	<u>30,126</u>	<u>72,718</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts Payable	100	-	100
Unspent Grant Proceeds	-	30,126	30,126
Total liabilities	<u>100</u>	<u>30,126</u>	<u>30,226</u>
Fund Balance:			
Assigned:			
Beautification	42,492	-	42,492
Unassigned	-	-	-
Total fund balance	<u>42,492</u>	<u>-</u>	<u>42,492</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 42,592</u>	<u>\$ 30,126</u>	<u>\$ 72,718</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA
 Non-Major Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2022

	Appearance Advisory Commission	American Rescue Plan Act Fund	Total
Revenues:			
Restricted Intergovernmental	\$ -	\$ 180,852	\$ 180,852
Other	31,895	-	31,895
Total Revenues	<u>31,895</u>	<u>180,852</u>	<u>212,747</u>
Expenditures:			
Capital Outlay	-	-	-
Cultural and Recreation	15,993	-	15,993
Total Expenditures	<u>15,993</u>	<u>-</u>	<u>15,993</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>15,902</u>	<u>180,852</u>	<u>196,754</u>
Other Financing Sources (Uses)			
Transfers to General Fund	(12,000)	-	(12,000)
Transfers to Water Fund	-	(180,852)	(180,852)
Total Other Financing Sources (Uses)	<u>(12,000)</u>	<u>(180,852)</u>	<u>(192,852)</u>
Net Change in Fund Balance	3,902	-	3,902
Fund Balance, beginning of year	<u>38,590</u>	<u>-</u>	<u>38,590</u>
Fund Balance, end of year	<u>\$ 42,492</u>	<u>\$ -</u>	<u>\$ 42,492</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA
 American Rescue Plan Act Fund
 Schedule of Revenues, Expenditures, and Changes in Fund Balance
 Budget and Actual
 For the Year Ended June 30, 2022

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed Projects		
Revenues						
Restricted intergovernmental:						
Contributions and grants	\$ 300,000	\$ -	\$ 180,852	\$ (142,572)	\$ 38,280	\$ (261,720)
Total Revenues	<u>300,000</u>	<u>-</u>	<u>180,852</u>	<u>(142,572)</u>	<u>38,280</u>	<u>(261,720)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>300,000</u>	<u>-</u>	<u>180,852</u>	<u>(142,572)</u>	<u>38,280</u>	<u>(261,720)</u>
Other Financing Sources (Uses)						
Transfers to Water & Sewer Fund	(300,000)	-	(180,852)	142,572	(38,280)	261,720
Total Expenditures	<u>(300,000)</u>	<u>-</u>	<u>(180,852)</u>	<u>142,572</u>	<u>(38,280)</u>	<u>261,720</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance - Beginning of Year			<u>-</u>			
Fund Balance - End of Year			<u>\$ -</u>			

TOWN OF BLOWING ROCK, NORTH CAROLINA
Special Revenue Fund- Appearance Advisory Commission
Statement of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual
For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Donations	\$ 36,520	\$ 31,895	\$ (4,625)
Miscellaneous	50	-	(50)
Total Revenues	<u>36,570</u>	<u>31,895</u>	<u>(4,675)</u>
Expenditures			
Cultural and recreation:			
Beautification	26,000	12,324	13,676
Miscellaneous	5,570	3,669	1,901
Total Expenditures	<u>31,570</u>	<u>15,993</u>	<u>15,577</u>
Excess Revenue Over (Under) Expenditures	<u>5,000</u>	<u>15,902</u>	<u>10,902</u>
Other financing sources (uses)			
Transfers to General Fund	(12,000)	(12,000)	-
Appropriated fund balance	7,000	-	(7,000)
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(12,000)</u>	<u>(7,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>3,902</u>	<u>\$ 3,902</u>
Fund balance, beginning		<u>38,590</u>	
Fund balance, ending		<u>\$ 42,492</u>	

ENTERPRISE FUNDS

TOWN OF BLOWING ROCK, NORTH CAROLINA

Water and Sewer Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues			
Water Sales:			
Residential	\$ 1,135,734	\$ 1,076,774	\$ (58,960)
Interconnect charges	13,000	12,330	(670)
Impact fees	77,500	116,750	39,250
Total	<u>1,226,234</u>	<u>1,205,854</u>	<u>(20,380)</u>
Sewer Charges:			
Residential	929,384	878,100	(51,284)
Sewer CIP surcharge	32,500	105,554	73,054
Total	<u>961,884</u>	<u>983,654</u>	<u>21,770</u>
Water and Sewer taps	5,000	33,500	28,500
Other operating revenues	12,800	12,043	(757)
Total	<u>17,800</u>	<u>45,543</u>	<u>27,743</u>
Total Operating Revenues	<u>2,205,918</u>	<u>2,235,051</u>	<u>29,133</u>
Nonoperating Revenues			
Interest earnings	500	441	(59)
Total Nonoperating Revenues	<u>500</u>	<u>441</u>	<u>(59)</u>
Total Revenues	<u>2,206,418</u>	<u>2,235,492</u>	<u>29,074</u>
Expenditures			
Water and Sewer Administration:			
Salaries and employee benefits	141,383	131,010	10,373
Other operating expenses	365,428	313,499	51,929
Total	<u>506,811</u>	<u>444,509</u>	<u>62,302</u>
Water and Sewer Plant Operations:			
Salaries and employee benefits	443,616	460,478	(16,862)
Utilities	153,000	150,284	2,716
Other operating expenditures	116,800	86,378	30,422
Total	<u>713,416</u>	<u>697,140</u>	<u>16,276</u>
Water and Sewer Field Operations :			
Salaries and employee benefits	251,457	172,853	78,604
Other operating expenditures	192,300	135,511	56,789
Capital outlay	73,500	195,630	(122,130)
Total	<u>517,257</u>	<u>503,994</u>	<u>13,263</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Water and Sewer Fund
 Schedule of Revenues and Expenditures
 Budget and Actual (Non-GAAP)
 For the Year Ended June 30, 2022

	Final Budget	Actual	Variance Positive (Negative)
Debt Service:			
Interest and other charges	111,501	107,314	4,187
Principal retirement	309,139	309,139	-
Total	<u>420,640</u>	<u>416,453</u>	<u>4,187</u>
Total Expenditures	<u>2,158,124</u>	<u>2,062,096</u>	<u>96,028</u>
Revenues Over (Under) Expenditures	<u>48,294</u>	<u>173,396</u>	<u>125,102</u>
Other Financing Sources (Uses):			
Transfers in from Water Sewer Capital Project	37,824	75,584	37,760
Transfers in from ARPA Fund	-	180,852	180,852
Transfers out to Reserves	(159,618)	(159,618)	-
Proceeds from issuance of Installment Debt	73,500	66,500	(7,000)
Total Other Financing Sources (Uses)	<u>(48,294)</u>	<u>163,318</u>	<u>211,612</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>336,714</u>	<u>\$ 336,714</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Principal retirement		309,139	
Depreciation		(529,520)	
Capital Outlay		195,630	
Proceeds from issuance of Installment Debt		(66,500)	
(Increase) decrease in accrued vacation pay		(18,833)	
Increase (decrease) in deferred outflows of resources - pensions and OPEB		167,295	
(Increase) decrease in net pension liability		149,335	
(Increase) decrease in OPEB liability		(224,930)	
(Increase) decrease in deferred inflows of resources - pensions and OPEB		(86,044)	
Interest income from Water and Sewer Capital Projects Fund		1,801	
Transfers in/out from Water and Sewer Capital Projects Fund		84,034	
Total Reconciling Items		<u>(18,593)</u>	
Change in Net Position		<u>\$ 318,121</u>	

TOWN OF BLOWING ROCK, NORTH CAROLINA

Water and Sewer Capital Projects Fund

Schedule of Revenues and Expenditures

Budget and Actual (Non-GAAP)

From Inception and for the Year Ended June 30, 2022

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed Projects		
Revenues						
Investment earnings	\$ 92,810	\$ 152,284	\$ 1,801	\$ (46,780)	\$ 107,305	\$ 14,495
Contributions and grant proceeds	32,640	47,569	-	-	47,569	14,929
Miscellaneous income	33,750	533	-	-	533	(33,217)
Total Revenues	159,200	200,386	1,801	(46,780)	155,407	(3,793)
Expenditures						
Construction	3,520,890	381,331	839,866	(856,850)	364,347	3,156,543
Engineering and permitting	65,770	39,649	76,603	-	116,252	(50,482)
Total	3,586,660	420,980	916,469	(856,850)	480,599	3,106,061
Debt service:						
Interest expense	-	1,860	-	-	1,860	(1,860)
Bond issuance costs on debt issued	12,430	20,495	-	-	20,495	(8,065)
Total	12,430	22,355	-	-	22,355	(9,925)
Contingency	93,833	-	4,930	(4,930)	-	93,833
Total Expenditures	3,692,923	443,335	921,399	(861,780)	502,954	3,189,969
Revenues Over (Under) Expenditures	(3,533,723)	(242,949)	(919,598)	815,000	(347,547)	3,186,176
Other Financing Sources (Uses):						
Transfer from Water & Sewer Fund	1,284,313	1,528,856	159,618	(438,951)	1,249,523	(34,790)
Transfer from General Fund	326,430	362,358	-	-	362,358	35,928
Transfer to Water & Sewer Fund	(316,015)	(417,194)	(75,584)	-	(492,778)	(176,763)
Proceeds from long-term debt	2,241,065	601,709	-	(376,049)	225,660	(2,015,405)
Bond premiums on debt issued	12,430	45,005	-	-	45,005	32,575
Unexpected loan proceeds returned	(38,700)	(425,500)	-	-	(425,500)	(386,800)
Appropriated fund balance	24,200	-	-	-	-	(24,200)
Total Other Financing Source	3,533,723	1,695,234	84,034	(815,000)	964,268	(2,569,455)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Finan	\$ -	\$ 1,452,285	\$ (835,564)	\$ -	\$ 616,721	\$ 616,721

OTHER SCHEDULES

Schedule of Ad Valorem Taxes Receivable

Analysis of Current Tax Levy - Town-Wide

Analysis of Current Year Levy - Town-Wide Levy

TOWN OF BLOWING ROCK, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable June 30, 2022

Fiscal Year	Uncollected Balance July 1, 2021	Additions	Collections and Credits	Uncollected Balance June 30, 2022
2021-22	\$ -	\$ 5,264,925	\$ 5,230,958	\$ 33,967
2020-21	49,759	-	22,885	26,874
2019-20	20,493	-	12,638	7,855
2018-19	8,550	-	4,597	3,953
2017-18	6,281	-	3,959	2,322
2016-17	7,296	-	3,584	3,712
2015-16	1,817	-	854	963
2014-15	2,286	-	645	1,641
2013-14	3,853	-	2	3,851
2012-13	2,627	-	-	2,627
2011-12	6,505	-	6,505	-
	<u>\$ 109,467</u>	<u>\$ 5,264,925</u>	<u>\$ 5,286,627</u>	<u>87,765</u>
Less: Allowance for Uncollectible Ad Valorem Taxes Receivable:				
General Fund				43,000
Ad Valorem Taxes Receivable, net				<u>\$ 44,765</u>
Reconciliation with Revenues:				
Taxes, ad valorem, General Fund				\$ 5,331,792
Reconciling Items:				
Miscellaneous				(34,825)
Amounts written off per Statute of Limitations				6,505
Penalties and interest				(16,845)
Total Collections and Credits				<u>\$ 5,286,627</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Analysis of Current Year Levy - Town-Wide Levy
June 30, 2022

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current rate	\$1,196,298,140	\$ 0.43	\$ 5,144,082	\$ 5,144,082	\$ -
Registered motor vehicles taxed	28,966,047	0.43	124,554	-	124,554
Total	<u>1,225,264,186</u>		<u>5,268,636</u>	<u>5,144,082</u>	<u>124,554</u>
Abatements	<u>(863,023)</u>	0.43	<u>(3,711)</u>	<u>(3,711)</u>	<u>-</u>
Total Property Valuations	<u><u>\$1,224,401,163</u></u>				
Net Levy			5,264,925	5,140,371	124,554
Less uncollected taxes at June 30, 2022			<u>33,967</u>	<u>33,967</u>	<u>-</u>
Current Year's Taxes Collected			<u><u>\$ 5,230,958</u></u>	<u><u>\$ 5,106,404</u></u>	<u><u>\$ 124,554</u></u>
Current Levy Collection Percentage			<u><u>99.35%</u></u>	<u><u>99.34%</u></u>	<u><u>100.00%</u></u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Analysis of Current Year Levy - Town-Wide Levy
For the Year Ended June 30, 2022

Secondary Market Disclosures:

Assessed Valuation:

Assessment ratio	<u>100.00%</u>
Real property	\$ 1,205,502,380
Personal property	18,863,272
Public service companies	<u>35,510</u>
Total Assessed Valuation	<u><u>\$ 1,224,401,162</u></u>
 Tax Rate Per \$100	 0.4300
 Levy (includes discoveries, releases, and abatements, excludes penalties)	 <u><u>\$ 5,264,925</u></u>

COMPLIANCE SECTION



Thompson, Price, Scott, Adams & Co, P.A.

P.O. Box 398

1626 S Madison Street

Whiteville, NC 28472

Telephone (910) 642-2109

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Alan W. Thompson, CPA

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Gregory S. Adams, CPA

**Report On Internal Control Over Financial Reporting And On Compliance and
Other Matters Based On An Audit Of Financial Statements Performed In Accordance With
*Government Auditing Standards***

Independent Auditors' Report

To the Honorable Mayor and
Members of the Town Council
Town of Blowing Rock, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Blowing Rock, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises Town of Blowing Rock's basic financial statements, and have issued our report thereon dated January 4, 2023.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses as item 2022-01 that we consider to be a significant deficiency.

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Report on Compliance and Other Matters

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

Town of Blowing Rock's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the Town of Blowing Rock's response to the finding identified in our audit are described in the accompanying schedule of findings and responses. The Town's response we not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co., P.A.
Whiteville, NC
January 4, 2023

TOWN OF BLOWING ROCK, NORTH CAROLINA

Schedule of Findings and Responses
For the Year Ended June 30, 2022

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material Weakness(es) identified? No
- Significant deficiency identified? Yes

Non-compliance material to financial statements noted? No

TOWN OF BLOWING ROCK, NORTH CAROLINA

Schedule of Findings and Responses
For the Year Ended June 30, 2022

Section II. Financial Statement Findings

Finding 2022-001 **Prior Period Adjustments**

SIGNIFICANT DEFICIENCY

Criteria: Management should have a system in place to verify that transactions are recorded in the correct fund, thereby reducing the likelihood of errors in financial reporting.

Condition: Adjustments were recorded that increased fund balance for the General Fund by \$111,208 and increased fund balance in the Water & Sewer Fund by \$83,883. On the General Fund, the adjustments were to record a correction to opening accounts payable (increase of \$63,746), to adjust sales tax and franchise tax received to consider the receivable from September 2021 (increase of \$224,033), to adjust accounts receivable from prior years to agree with subsidiary ledgers (decrease of \$144,058), to record prior year unbilled receivables (increase of \$4,676), and to fix mispostings to current year debt proceeds (decrease of \$37,189). On the Water & Sewer Fund, the adjustments were to record prior year unbilled receivables which had not been recognized (increase of \$63,534), to move a debt payment which had been applied to Governmental liabilities to Water & Sewer Fund debt service (decrease of \$24,818), and to move a Sewer line which had been capitalized in the Governmental Fixed assets to Water & Sewer fixed assets, along with it's associated accumulated depreciation (increase of \$45,167). On the government-wide statement, adjustments were made in addition to General Fund adjustments to recognize the movement of the Sewer line to the Water & Sewer fund (decrease of \$45,167) and to record the movement of the debt service payment applied to the governmental long-term liabilities to the Water & Sewer Fund (increase of \$24,818), for a net government-wide prior period adjustment increasing net position by \$90,859.

Effect: The Town's management and other users of the financial statements do not have accurate information for decisions-making and monitoring of the Town's financial position and adherence to laws, regulations, and other requirements. Errors in financial reporting could occur and not be detected.

Cause: The Town's understanding has historically been that the September distribution was for June sales not collected by NCDOR until July; therefore this distribution had not been accrued to the previous fiscal year. Twelve months of distributions have always been recorded. With regards to the other adjustments, the Town did not adjust the balances to reflect the amounts supported by reports, either internal or external, within a timely manner. There were also misspostings between Governmental and Proprietary funds, which require more attention when making entries to record transactions.

Recommendation: The Town should review the ledger and financial documents regularly to ensure that necessary adjustments are made timely and correctly during the year, and that projects are properly classified as governmental or business-type activities.

Views of responsible officials and planned corrective actions:

The Town agrees with this finding. Please refer to the corrective action plan for details.



Town of Blowing Rock

1036 Main Street ★ Post Office Box 47 ★ Blowing Rock, North Carolina 28605

Town of Blowing Rock, North Carolina
Corrective Action Plan
For the Year Ended June 30, 2022

Section II. Financial Statement Findings

Finding 2022-001

Prior Period Adjustments

Name of Contact Person:

Nicole Norman, Finance Director

Corrective Action:

Adjustments resulted from tie out efforts to previously audited years. Workpapers from previous auditors were not made available. The Town desires in the future if possible to limit its auditor transitions and begin the audit process, particularly in the event of a new auditor, closer to the beginning of the fiscal year.

Proposed Completion Date:

The Council will implement the above procedure immediately.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2022

None reported.



Thompson, Price, Scott, Adams & Co, P.A.

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Alan W. Thompson, CPA

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Gregory S. Adams, CPA

January 4, 2023

To the Honorable Mayor
And Members of the Town Council
Blowing Rock, North Carolina

We have audited the financial statements of the governmental activities, business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Blowing Rock for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards*, and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 31, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Blowing Rock are described in Note 1 to the financial statements. The Town adopted GASB Statement 87 "Leases," effective for fiscal year ended June 30, 2022. We noted no transactions entered into by Town of Blowing Rock during the year that were both significant and unusual, and of which, under professional standards, we are required to inform you, or transactions for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. There were no significant estimate(s) or assumptions noted during the audit.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. There are no such disclosures identified.

The financial statement disclosures are neutral, consistent, and clear.

Members

American Institute of CPAs - N.C. Association of CPAs - AICPA Division of Firms

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. Some of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction that could be significant to the financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated January 4, 2023.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Auditing Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Town of Blowing Rock's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Prior Period Adjustments were recorded to correct beginning balances (please refer to Note VI in the notes to the financials and Finding 2022-001).

The Local Government Commission (LGC) will no longer initiate communications about concerns or findings (formerly considered unit letters). They have created a spreadsheet that has to be completed and submitted with the audit report. If that worksheet identifies what they consider a "Financial Performance Indicators of Concern" (FPICs), we are required to communicate those items to the Board. The Town is required to submit a response within 60 days of the Board meeting in which the financial statements are presented. The detailed audit response should be presented to the entire Board, and signed by the entire Board, Finance Officer, and Town Manager. The indicators identified on the Data Input sheet related to the audit report not being submitted timely, and that the unit had a significant deficiencies comment that required a response.

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of the Mayor and Town Council of the Town of Blowing Rock and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Thompson, Price, Scott, Adams & Co., P.A.

Thompson, Price, Scott, Adams & Co, P.A.

Presentation Agenda - Staff Report

To: Mayor Charlie Sellers and the Blowing Rock Town Council

From: Shane Fox, Town Manager

Subject: Paid Parking Presentation

Date: January 10, 2023

Information:

Chief Miller will present to the Town Council an update on Paid Parking for the Town of Blowing Rock. Chief Miller will review the parking committee outcomes, discuss the details of the meetings conducted since then including the demos with vendors and leave the Town Council with items to consider for discussion and next steps at the retreat.

Attachment:

Paid Parking PowerPoint Slides

Town of Blowing
Rock Parking
Advisory
Committee





Blowing Rock, North Carolina
Sustainable Tourism Management Plan

DRAFT PLAN 12.7.21
January 2022

Focus & goals of this plan

What could be done in Blowing Rock to mitigate the effects that being a popular visitor destination has on the quality of life for local residents, particularly during the peak summer and fall months?



Demographic and Income Comparison Profile

1070-1094 Main St
1070-1094 Main St, Blowing Rock, North Carolina, 28605
Rings: 50, 100, 150 mile radii

Prepared by Esri
Latitude: 36.13310
Longitude: -81.67820

	50 miles	100 miles	150 miles
Census 2010 Summary			
Population	1,078,659	6,366,490	11,289,863
Households	438,674	2,538,803	4,504,533
Families	294,034	1,708,177	3,024,692
Average Household Size	2.38	2.45	2.44
Owner Occupied Housing Units	313,105	1,769,635	3,144,952
Renter Occupied Housing Units	125,569	769,168	1,359,581
Median Age	41.2	38.9	39.1
2021 Summary			
Population	1,123,629	7,160,903	12,467,961
Households	459,508	2,855,519	4,979,995
Families	302,119	1,886,901	3,282,633
Average Household Size	2.37	2.46	2.44
Owner Occupied Housing Units	333,181	1,964,821	3,445,280
Renter Occupied Housing Units	126,326	890,698	1,534,715
Median Age	43.9	41.0	41.3
Median Household Income	\$47,689	\$55,388	\$53,644
Average Household Income	\$64,566	\$78,372	\$75,361
2026 Summary			
Population	1,142,243	7,530,139	13,003,094
Households	468,028	3,003,013	5,195,970
Families	305,956	1,974,184	3,407,124
Average Household Size	2.37	2.46	2.45
Owner Occupied Housing Units	342,626	2,075,431	3,620,913
Renter Occupied Housing Units	125,402	927,581	1,575,057
Median Age	45.0	41.7	42.1
Median Household Income	\$52,551	\$61,219	\$58,925
Average Household Income	\$72,731	\$88,406	\$84,905
Trends: 2021-2026 Annual Rate			
Population	0.33%	1.01%	0.84%
Households	0.37%	1.01%	0.85%
Families	0.25%	0.91%	0.75%
Owner Households	0.56%	1.10%	1.00%
Median Household Income	1.96%	2.02%	1.90%

Parking shortage for Blowing Rock

The town should have a total of **1,500 parking spaces**

No less than 600 additional parking spaces

“Blowing Rock doesn’t have a
tourism problem. Blowing Rock
has a parking problem”
Roger Brooks

Roger Brooks Figures

REVENUES Downtown Parking

Paid parking 9:00 to 6:00 daily (9 hours)

\$2 per hour | 4 hour max

- July, Aug @ 90% = \$416,016
- Sept, Oct @ 80% = \$369,792
- Nov. through April @ 40% = \$554,688
- May, June @ 60% = 277,344

Total: \$1,617,840

(242,676) 15% to parking partner

\$1,375,164 annual gross revenues

REVENUES Parking structure

Paid parking 9:00 to 6:00 daily (9 hours)

600 parking spaces

\$1 per hour up to a max of \$5 per 24-hour period

- 40% annual occupancy

Total: \$432,000 (360 days) gross revenues

Parking shuttle cost: \$310,000 annually

\$122,000 gross revenues after trolley costs

*Blowing Rock Police Department
In Service of Others*

ON STREET	Jan. (40%)	Feb. (40%)	Mar. (40%)	Apr. (40%)	May (60%)	June (60%)	July (90%)	Aug. (90%)	Sept. (80%)	Oct. (80%)	Nov. (40%)	Dec. (40%)		
180 Spaces \$1.5/hr	\$30,780.00	\$30,780.00	\$30,780.00	\$30,780.00	\$45,170.00	\$46,170.00	\$69,255.00	\$69,255.00	\$61,560.00	\$61,560.00	\$30,780.00	\$30,780.00	\$537,650.00	
American Legion														
Lower - Permit only (38 spaces) \$200/ space/month	\$7,600.00	\$7,600.00	\$7,600.00	\$7,600.00	\$7,600.00	\$7,600.00	\$7,600.00	\$7,600.00	\$7,600.00	\$7,600.00	\$7,600.00	\$7,600.00	\$91,200.00	
Upper - \$1.5/hour (48 spaces)	\$7,776.00	\$7,776.00	\$7,776.00	\$7,776.00	\$11,664.00	\$11,664.00	\$17,496.00	\$17,496.00	\$15,552.00	\$15,552.00	\$7,776.00	\$7,776.00	\$136,080.00	
at building - \$1.5/hour (14 spaces)	\$2,268.00	\$2,268.00	\$2,268.00	\$2,268.00	\$3,402.00	\$3,402.00	\$5,103.00	\$5,103.00	\$4,536.00	\$4,536.00	\$2,268.00	\$2,268.00	\$39,690.00	
Broyhill Park and Pool (70 spaces) \$1.5/hour	\$11,340.00	\$11,340.00	\$11,340.00	\$11,340.00	\$17,010.00	\$17,010.00	\$25,515.00	\$25,515.00	\$22,680.00	\$22,680.00	\$11,340.00	\$11,340.00	\$198,450.00	
Davant Field (51 spaces) Free	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	123,930
Annie Cannon Gardens (11 spaces) 1.5/hour	\$1,782.00	\$1,782.00	\$1,782.00	\$1,782.00	\$2,673.00	\$2,673.00	\$4,009.00	\$4,009.00	\$3,564.00	\$3,564.00	\$1,782.00	\$1,782.00	\$31,184.00	
Maple Street (56 spaces) \$1.5/hour	\$9,072.00	\$9,072.00	\$9,072.00	\$9,072.00	\$13,608.00	\$13,608.00	\$20,412.00	\$20,412.00	\$18,144.00	\$18,144.00	\$9,072.00	\$9,072.00	\$158,760.00	
BRAHM Upper (18 spaces) Permit \$200/space/month	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$3,600.00	\$43,200.00	
BRAHM Lower (30 spaces)	\$4,860.00	\$4,860.00	\$4,860.00	\$4,860.00	\$7,290.00	\$7,290.00	\$10,935.00	\$10,935.00	\$9,720.00	\$9,720.00	\$4,860.00	\$4,860.00	\$85,050.00	
													\$1,321,264.00	
Private Spaces Partnership														
320 spaces. \$.5/hours to Town for administration. Balance to owner	\$259,200.00													

Blowing Rock Police Department
In Service of Others

Pay To Park?



*Blowing Rock Police Department
In Service of Others*

Benefits to Pay to Park

- Provides consistent way to accomplish the goals of the Town.
- Provides fair and equitable use of parking.
- Provides opportunities for public/private partnerships.
- Generate revenues, **shared by visitors**, that pay for much needed additional parking

Who Does Pay to Park Affect?

- Residents
- Business
- Churches
- Visitors
- Town Departments and Staff
- Other Organizations



Blowing Rock Parking Advisory Committee

- Town Council
- Town Manager
- Chamber of Commerce
- TDA
- Parks and Recreation
- Police
- Churches
- Business Owners
- Residents
- School
- Finance Officer

Our Mission – To provide feedback and recommendations to council.

Group A – Residents, Visitors and Staff

- Days and Times for Paid Parking.
- Parking Rates
- Overtime Parking Fines
- Payment Methods
- Resident Parking Rates
- Timeline for Implementation

Group B – Business and Organizations

- Impact on Private Parking Lots
- Business/Employee Parking Areas and Rates
- On Street Time Limits

Parking Advisory Committee Recommendations

Implement

Implement Pay to Park

Pay

Pay to Park Times – Monday through Saturday 9am until 5pm. Sunday from 1pm until 5pm

Reserve

Reserve a few spaces in the Maple Street Lot for Residents Only. Fee to park in these spaces would still be required.

Parking Rates

On-Street

- Main, Sunset, Pine, Park Ave, Ginny Stevens Ln and Wallingford.
- \$2/hour for first 3 hours.
\$4/hours after 3 hours

Off-Street

- Parking Decks, Maple Street Lot and Swimming Pool Lot
- \$1.5/hour

*Davant Field Lot will remain free. This will be reevaluated if additional remote parking areas are built.

Revenue Estimate from First Tryon Advisors

Initial Capital Cost

- Initial Capital - \$160,000
 - Vehicle - \$35,000
 - LPR systems - \$51,000
 - Multi Space Meters - \$64,000
 - Other - \$10,000

Fiscal Year 22/23 Expenses

- 22/23 Expenses - \$72,500
 - Personnel - \$57,500
 - Software and Training - \$12,000
 - Misc. (office supplies, fuel, ect.) - \$3,000

Reoccurring Expenses

- Personnel (with benefits) - \$230,000
- Misc (uniforms, office supplies, ect.) - \$3,500
- Software and warranties - \$36,500

- Total Reoccurring - \$269,000

Parking Fines

- Overtime 1st Offense \$10
- Overtime 2nd Offense \$15
- Overtime 3 or more \$20
- Failure to Pay \$25

- Immobilization Devices may be when:
 - The violator has repeat offenses and
 - The violator has fines which are more than 60 days delinquent

Town Code Chapter 6 Proposed Additions

•*Section 6- 29 Paid Parking*

-
- (A) Fees may be charged for parking any vehicle in a parking space owned and maintained by the Town. A list of parking areas and associated parking fees shall be approved by the Town Council and listed in Appendix A6 – 18.
-
- (A) The payment of fees will be enforced Monday through Saturday from 9am until 5pm and on Sundays from 1pm until 5pm.
-
- (A) The Police Chief or his/her designee shall be responsible for the enforcement and collection of fees for parking.
-
- (A) The Town Council may approve the waiver of fees for certain groups, during certain times or in certain spaces. These waivers shall be issued through an approved system of permitting. A list of approved permit holders shall be maintained and made available by the Police Chief of his/her designee.
-
- (A) The Town Manager may suspend fees for parking during times of public meetings, public hearing or other times when participation from the public is encouraged.
-
- (A) Fines and remedies for violation of this section shall be set forth in Article VI of this Chapter.







Paid Parking

On Street Hourly Parking

- Most towns charge a flat rate of \$1.00-\$1.50 per hour.
- Escalating fees.
 - Example: 1st hour = \$1.00 2nd hour = \$1.25 3rd hour = \$1.50
- Average of 2-3 hour parking.
- Days of the week enforced are different for every town. The majority are from Monday-Saturday.
- Hours enforced are different for every town. The majority are either 8am-5pm or 8am-6pm.

Parking Decks and Parking Lots

- Hourly and daily fees.
- Hourly fees range from \$1.00-\$5.00.
 - Most hourly fees range from \$1.00-\$3.00.
- Daily fees range from \$9.00-\$60.00.
 - Most daily fees range from \$10-\$25.
- Days of the week and hours enforced are usually the same as the On Street Parking.

Long Term Parking

- Weekly, monthly, and season passes.
- Usually offered in parking decks and parking lots only.
- Average cost for weekly fees range from \$25-\$60.
- Average cost for monthly fees are around \$100.
- Special passes for employees and vendors.

Overtime Parking

- Blowing Rock's overtime parking fee is currently \$10.00.
- Overtime fees range from \$12.00-\$50.00.
- Most towns enforce a fee of \$20.00-\$25.00.
- Fees escalate if they are not paid in a period of time.

TO: Mayor Charlie Sellers and Blowing Rock Town Council

FROM: Kevin Rothrock, Planning Director

SUBJECT: Church Parking Requirements

DATE: January 5, 2023

During the review and public hearing for the Ruple Church SUP, I shared that the Planning Board made a recommendation to amend the parking requirements for churches. The recommendation was to only require parking for the area designated for services, such as a sanctuary or chapel. That requirement is one parking space for every 4 seats in the service area. The Planning Board recommendation was to eliminate any parking for the other areas of the church as these typically are not used at the same time as church services.

The attached draft ordinance removes the parking required for other areas of the church. As drafted, this amended is for Town Center and Central Business as well as other zoning districts in Town where churches are permitted.

AN ORDINANCE TO REVISE THE PARKING REQUIREMENTS FOR CHURCHES IN THE PLANNING AND ZONING JURISDICTION OF THE TOWN OF BLOWING ROCK, NORTH CAROLINA

WHEREAS, through the Special Use Permit application review process for an addition at Rumble Presbyterian Memorial Church, the Planning Board concluded that the Land Use Code parking requirements for churches should be reduced and amended; and

WHEREAS, the Planning Board and Board of Commissioners agree that this ordinance amendment is consistent with the 2014 Comprehensive Plan Update and helps to promote the health, safety, and general welfare of the citizens of the Town of Blowing Rock; and

WHEREAS, consistent with Section 16-20.4 which provides for parking requirement flexibility, this ordinance amendment has been forwarded from the Planning Board for review by the Town Council.

NOW, THEREFORE, BE IT ORDAINED by the Board of Commissioners of the Town of Blowing Rock, North Carolina, that:

Section 1. Section 16-20.2 of the Land Use Code of the Town of Blowing Rock is hereby amended to read as set forth herein.

5.200	<i>CHURCHES, SYNAGOGUES AND TEMPLES</i>	1 space for every four seats in the portion of the church building to be used for services plus spaces for any residential use as determined in accordance with the parking requirements set forth above for residential uses, plus 1 space for every 200 square feet of gross floor area designed to be used neither for services nor residential purpose.
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Section 2. Section 16-20.3 of the Land Use Code of the Town of Blowing Rock is hereby amended to read as set forth herein.

5.200	<i>CHURCHES, SYNAGOGUES, AND TEMPLES</i>	1 space for every four seats in the portion of the church building to be used for services plus 1 space for every 400 square feet of gross floor area designed to be used neither for services nor residential purposes.
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Section 3. Severability; Conflict of Laws. If this ordinance or application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the ordinance which can be given separate effect and to that end, the provisions of this ordinance are declared to be severable. All ordinances or parts of ordinances in conflict with this ordinance are hereby repealed.

Section 4. Effective Date. This ordinance shall be effective upon being signed by the Mayor and Town Clerk.

Adopted this the ____ day of _____, 2023.

TOWN OF BLOWING ROCK

Charlie Sellers, Mayor

ATTEST:

Hilari H. Hubner, Town Clerk

MEMORANDUM

TO: Mayor Charlie Sellers and Blowing Rock Town Council

FROM: Kevin Rothrock, Planning Director

SUBJECT: Blowing Rock Brewing Annexation – SW Corner of Hwy 321/Edmisten Rd

DATE: January 4, 2023

Blowing Rock Brewing has submitted a petition of voluntary satellite annexation for Council consideration. The 3.87 acre subject property is located in the ETJ on the SW corner of Hwy 321 and Edmisten Rd. The property is zoned CZ-GB, Conditional Zoning-General Business and further identified by Watauga County PIN 2818-44-3066-000.

Key points

- The applicant has submitted a petition for satellite annexation as required by the approved conditional rezoning Ordinance No. 2022-11 for the purpose of connecting to Town utilities. Consistent with Town policy, any property that desires connection to Town utilities must be located within the corporate limits.
- Blowing Rock Brewing is responsible for the cost of extension of any utilities to serve the property and any availability fees. Blowing Rock Brewing is required to connect to public water and sewer to support the proposed brewery.
- Public water is deemed “available” after completion of a Settlement Agreement with the Town of Boone related to Emergency Water Supply Agreement between the Town of Boone and the Town of Blowing Rock.

Since the boundaries of the subject property are not contiguous with the Town’s corporate limits, the rules for satellite annexation have to be followed. The five basic rules for satellite annexation in North Carolina found in G.S. 160A-58.1(b) are:

- 1) The nearest point on the proposed satellite corporate limits is not more than three (3) miles from the corporate limits of the Town of Blowing Rock;
- 2) No point on the proposed satellite corporate limits is closer to another municipality than to the Town of Blowing Rock;
- 3) The area described is so situated that the Town of Blowing Rock will be able to provide the same services within the proposed satellite corporate limits that it provides within the primary corporate limits;

- 4) No subdivision, as defined in G.S. 160A-376, will be fragmented by this proposed annexation, and
- 5) The area within the proposed satellite corporate limits, when added to the area within all other satellite corporate limits, does not exceed ten percent (10%) of the area within the primary corporate limits of the Town of Blowing Rock.

Through staff review of the annexation petition, it appears that all requirements of satellite annexation will be satisfied.

RECOMMENDATIONS

If approved as presented, the annexation will become effective on June 30, 2023. The boundary map will be recorded with the Watauga County Register of Deeds and the office of the North Carolina Secretary of State. A copy of the map will also be delivered to the Watauga County Board of Elections.

ATTACHMENTS

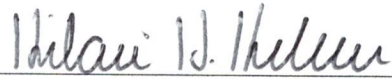
- Blowing Rock Brewing Annexation – Certificate of Sufficiency
- Ordinance 2023-01 – Blowing Rock Brewing Annexation Ordinance
- BR Brewing Annexation Plat

**BLOWING ROCK BREWING ANNEXATION
CERTIFICATE OF SUFFICIENCY**

To the Board of Commissioners of the Town of Blowing Rock, North Carolina:

I, Hilari H. Hubner, do hereby certify that I have investigated the petition attached hereto and have found as a fact that said petition is signed by all owners of real property lying in the area described therein, in accordance with G.S. 160A-31.

In witness whereof, I have hereunto set my hand and affixed the seal of the Town of Blowing Rock, this the 4 day of January, 2023.


Hilari H. Hubner, Town Clerk

CORPORATE SEAL



**AN ORDINANCE TO EXTEND THE CORPORATE LIMITS OF THE
TOWN OF BLOWING ROCK, NORTH CAROLINA
(Non-Contiguous)**

WHEREAS, the Town of Blowing Rock has been petitioned under G.S.160A-58.1 to annex the area described below; and

WHEREAS, the Board of Commissioners has by resolution directed the Town Clerk to investigate the sufficiency of the petition; and

WHEREAS, the Town Clerk has certified the sufficiency of the petition and a public hearing on the question of this annexation was held at the Blowing Rock Town Hall at 6:00 p.m. on January 10, 2023, after due notice by publication in the *Watauga Democrat*, on December 28, 2022 and January 4, 2023; and

WHEREAS, the Board of Commissioners finds that the area described therein meets the standards of G.S. 160A-58.1(b), to wit:

- 1) The nearest point on the proposed satellite corporate limits is not more than three (3) miles from the corporate limits of the Town of Blowing Rock;
- 2) No point on the proposed satellite corporate limits is closer to another municipality than to the Town of Blowing Rock;
- 3) The area described is so situated that the Town of Blowing Rock will be able to provide the same services within the proposed satellite corporate limits that it provides within the primary corporate limits;
- 4) No subdivision, as defined in G.S. 160A-376, will be fragmented by this proposed annexation, and
- 5) The area within the proposed satellite corporate limits, when added to the area within all other satellite corporate limits, does not exceed ten percent (10%) of the area within the primary corporate limits of the Town of Blowing Rock.

WHEREAS, the Board of Commissioners further finds that the petition has been signed by all the owners of real property in the area who are required by law to sign; and

WHEREAS, the Board of Commissioners further finds that the petition is otherwise valid, and that the public health, safety and welfare of the Town of Blowing Rock and of the area proposed for annexation will be best served by annexing the area described;

NOW, THEREFORE, BE IT ORDAINED, by the Board of Commissioners Board of the Town of Blowing Rock, North Carolina that:

Section 1. By virtue of the authority granted by G.S. 160A-58.2, the following described non-contiguous territory is hereby annexed and made part of the Town of Blowing Rock effective June 30, 2023:

BEING ALL of that certain 3.87-acre tract (inclusive of a portion of the right-of-way of US Highway 321), located at the intersection of US Highway 321 and Edmisten Road in Blowing Rock Township, Watauga County, North Carolina and being more particularly described as follows:

BEGINNING at an iron found in the centerline of the right-of-way of Edmisten Road, said iron being located South 84 degrees 30 minutes 03 seconds West 30.13 feet from USGS brass disc E48; thence from the BEGINNING with the approximately centerline of Edmisten Road South 33 degrees 26 minutes 44 seconds East 151.55 feet to a computed point within the right-of-way of US Highway 321; thence South 50 degrees 39 minutes 39 seconds West 226.38 feet to another computed point within the highway right-of-way; thence North 36 degrees 11 minutes 23 seconds West, passing a NCDOT right-of-way monument at 47.57 feet, a total of 64.80 feet to a right-of-way monument found at Benchmark Control Point #303 at an elevation of 3,437.18 feet; Thence with the line of the United States of America North 88 degrees 50 minutes 59 seconds West 247.56 feet to N.P.S. Monument 216; thence continuing with the government line North 63 degrees 48 minutes 26 seconds West 166.25 feet to a 1/2-inch pipe found at a control corner at North 884,014.61' and East 1,214,115.15'; thence with the line of Blowing Rock Cemeteries North 37 degrees 33 minutes 40 seconds East 291.08 feet to a 5/8-inch rebar found; thence North 38 degrees 51 minutes 43 seconds East 198.56 feet to a PK Nail set in the approximate centerline of Edmisten Road; thence with said road centerline the following four calls: (1) South 56 degrees 11 minutes 20 seconds East 91.82 feet; (2) South 47 degrees 43 minutes 20 seconds East 88.61 feet; (3) South 32 degrees 24 minutes 34 seconds East 68.30 feet to a spike found; and (4) South 30 degrees 17 minutes 39 seconds East 90.51 feet to the POINT OF BEGINNING, as surveyed by C. Neil Shepherd, PLS L-4746, on map dated 5-19-2022 and bearing File No. 22-071.

Section 2. Upon and after June 30, 2023 the above-described territory and its citizens and property shall be subject to all debts, laws, ordinances and regulations in force in the Town of Blowing Rock and shall be entitled to the same privileges and benefits as other parts of the Town of Blowing Rock. Said territory shall be subject to municipal taxes according to G.S. 160A-58.10.

Section 3. Town Services and Utility Agreement.

The primary purpose of the annexation petition is to request Town water and sewer service for the proposed Brewery. The current Town policy regarding any new extension of public utilities requires that such property be located within the Town's corporate limits, contiguous or satellite. In addition, the voluntary annexation process requires that the cost of extending water and/or sewer lines be borne by the petitioner. The following terms will describe the responsibilities of both the petitioner and Town with respect to the provision of municipal services and public utilities.

The agreements, conditions and obligations of Petitioner set forth herein shall run with and be appurtenant to the title of the territory described in Section 1 and be binding upon Petitioner's successors in title:

- A. Petitioner shall be responsible for all costs associated with extension of public water and sewer, if needed, to serve the subject property. Specifically, the petitioner is responsible for all costs associated with providing a public sewer line connection to the public sewer force main located along the property, consistent with the Town Code. The petitioner is also responsible for all applicable sewer availability fees.
- B. Given that the public water is deemed “available” at the time of consideration of the annexation request, connection to the Town’s public water supply is required. All costs associated with connection to the Town public water system shall be borne by the petitioner, including water availability fees.
- C. All other municipal services will be provided subject to NC General Statutes concerning satellite annexation, including but not limited to garbage and recycling collection.

Section 4. Municipal Taxes.

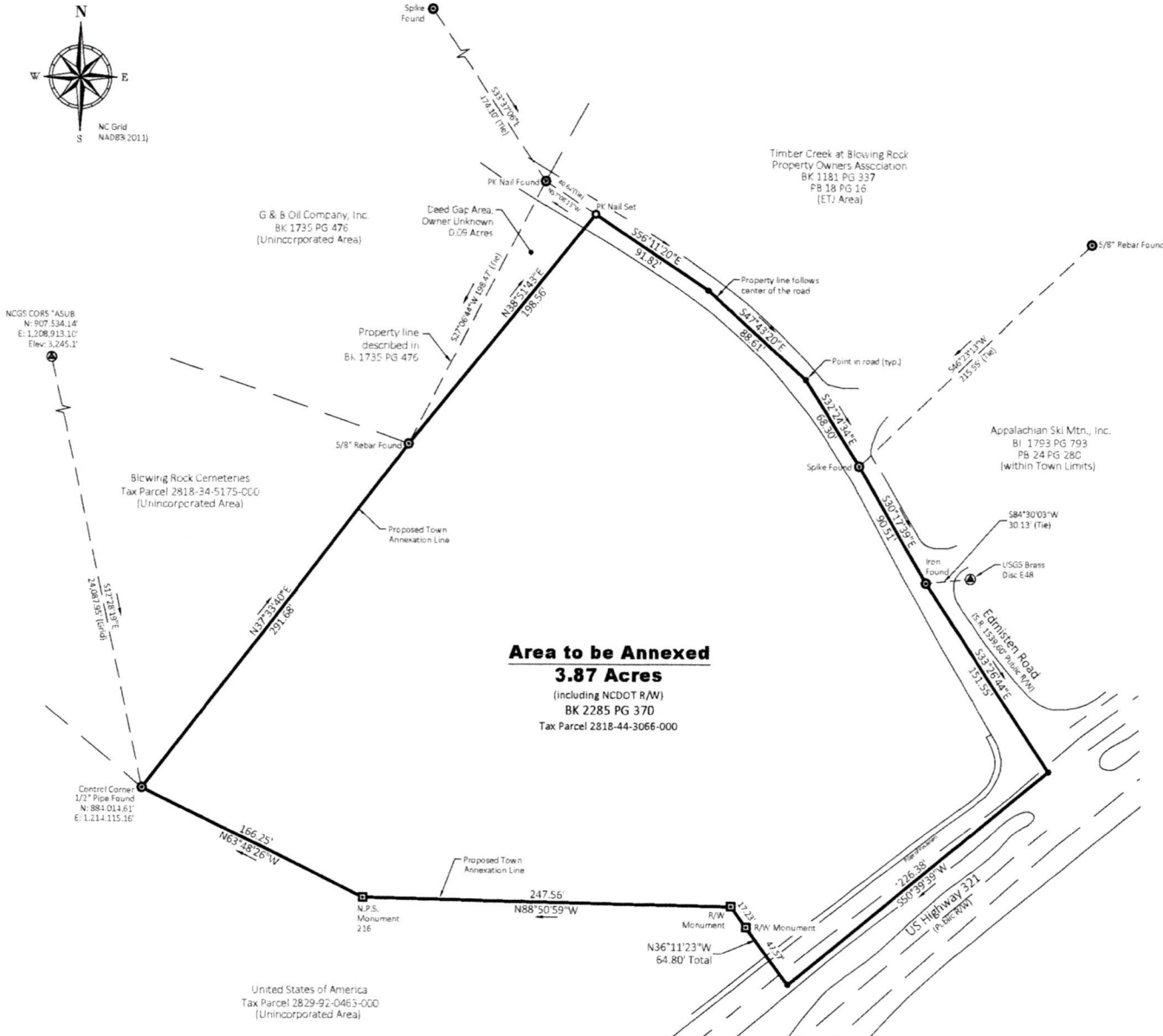
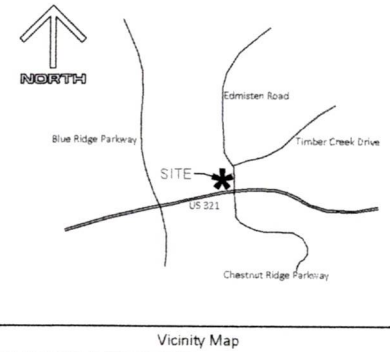
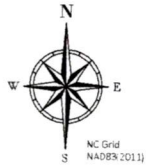
Consistent with NC General Statutes, the Petitioner is responsible for payment of applicable municipal taxes.

Section 5. The Mayor of the Town of Blowing Rock shall cause to be recorded in the office of the Register of Deeds of Watauga County, and in the office of the Secretary of State at Raleigh, North Carolina, an accurate map of the annexed territory, described in Section 1 above, together with a duly certified copy of this ordinance. Such a map shall also be delivered to the County Board of Elections as required by G. S. 163-288.1.

ADOPTED this the 10th day of January, 2023.

Charlie Sellers, Mayor

ATTEST: _____
Hilari H. Hubner, Town Clerk



Surveyor's Certification
 I certify that this plat was drawn under my supervision from an actual survey made under my supervision (see description and/or deed references below); that the boundaries not surveyed are indicated as drawn from the information noted on this plat of survey; that this survey is classified as an Urban Land Survey (Class A) having a calculated ratio of precision better than 1:10,000 before adjustments, and/or neither axis of the 95 percent confidence level error ellipse for any control point or property corner exceeds 0.10 feet; that this plat meets the requirements of The Standards of Practice for Land Surveying in North Carolina (21 NCAC 56.1603); I further certify that this survey is for an annexation of an existing parcel or parcels of land and is exempt from NCGS 47-30; see subsection (j).

Witness my signature, seal and date.
C. Neil Shepherd 11/28/2022
 L. Neil Shepherd, PLS No. 4746



Surveyor's Notes:
 1. The property which is the subject of this survey is described in Deed Book 2285 Page 370, Watauga County Registry, Tax Parcel 2818-44-3066-000.
 2. The fieldwork portion of this survey was completed on 5-19-2022. See prior boundary survey dated 5-19-2022. This property may be subject to easements and/or rights-of-way of record not shown. Other easements, rights-of-way, building ordinances, zoning, and other legal encumbrances may also exist. Adjoining property owner information was obtained from the local GIS.
 3. GPS Certification: The grid tie shown on this map was taken from an actual GPS survey made under my supervision. The GPS portion of this survey meets the classification requirements of The Standards of Practice for Land Surveying in North Carolina (21 NCAC 56.1607) for an Urban Land Survey (Class A) such that neither axis of the 95 percent confidence level error ellipse for the project control point(s) exceeds 0.10 feet. The static GPS survey was performed on May 5, 2022 with Trimble R8s receivers, National Geodetic Survey (NGS) CORS station "ASUB" was used as the fixed control station having published IGS (grid coordinates NAD83(2011) and orthometric height (elevation) NAVD 88 as shown hereon. Vectors were adjusted utilizing Trimble Geomatics Office Business Solutions software. The geoid model used was GEDID124. The horizontal positional accuracy relative to the remote control station was 0.06 feet prior to adjustment. The vertical positional accuracy relative to the remote control station was 0.3 feet prior to adjustment. The combined grid factor at the project control point is 0.999864551. All bearings shown are relative to NC Grid, NAD 83(2011). All elevations shown are relative to NAVD 88. All distances shown are horizontal distances in U.S. Survey Feet unless otherwise noted. All areas shown were computed by coordinate computation.

LEGEND

	Property Line (surveyed)
	Tie Line (surveyed)
	Adjoiner Line (not surveyed)
	Easement
	Overhead Electric
	Right-of-Way
	Computed Point

***Planning Department Review Not Required**
 This plat depicts an existing parcel of land for annexation and is exempt from Planning Department and/or Review Officer certifications prior to recording.
 See NCGS-47-30(f)(1)(c)(1) and NCGS-47-30(j).

Property Owner (for the index) Boone Brewing Company, LLC
 Annexation Plat for:
Blowing Rock Brewing Company
 Property Location:
 US Highway 321 at Edmiston Road, Blowing Rock, NC
 Blowing Rock Township, Watauga County, North Carolina

Scale: 1 inch = 50 feet

SurveyPro
 (336) 667-5533
 Survey Pro, PLLC
 924 Main Street, Suite 300
 North Wilkesboro, NC 28659
 Firm Number: P-2218
 File Number: 22-071
 Date: 11-28-2022