



ANNUAL FINANCIAL REPORT

TOWN OF BLOWING ROCK

**For Year Ended
June 30, 2023**

TOWN OF BLOWING ROCK
NORTH CAROLINA

AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2023

TOWN OF BLOWING ROCK, NORTH CAROLINA
FINANCIAL STATEMENTS
June 30, 2023

Town Council Members

Melissa Pickett
Pete Gherini
David Harwood
Albert Yount

Charlie Sellers, Mayor
Doug Matheson, Mayor Pro-Term
Kevin Rothrock, Town Manager
Tasha Brown, Finance Director

TOWN OF BLOWING ROCK

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Financial Section

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

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R. Bryon Scott, CPA
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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, 2023, 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, 2023, 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, 2023, 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 November 29, 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
November 29, 2023

TOWN OF BLOWING ROCK, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2023

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, 2023, 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 \$34,602,399 (net position).
- The Town’s government-wide net position increased by \$2,049,519, primarily due to governmental fund related activities.
- As of June 30, 2023, the Town of Blowing Rock’s governmental funds reported combined ending fund balances of \$10,150,891, an increase of \$2,052,102 in comparison with the prior year. Approximately 44.06% of this total amount, or \$4,472,837, is non-spendable or restricted by state stabilization. The combined fund balance increase of \$2,052,102 consists of an increase in the General Capital Projects Fund of \$1,057,146, an increase in the General Fund balance of \$910,030 and an increase in the non-major governmental funds of \$84,926.
- As of June 30, 2023, expendable, unassigned fund balance for the General Fund was \$3,598,928, or 28.96%, of total General Fund expenditures and transfers for the fiscal year.
- 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

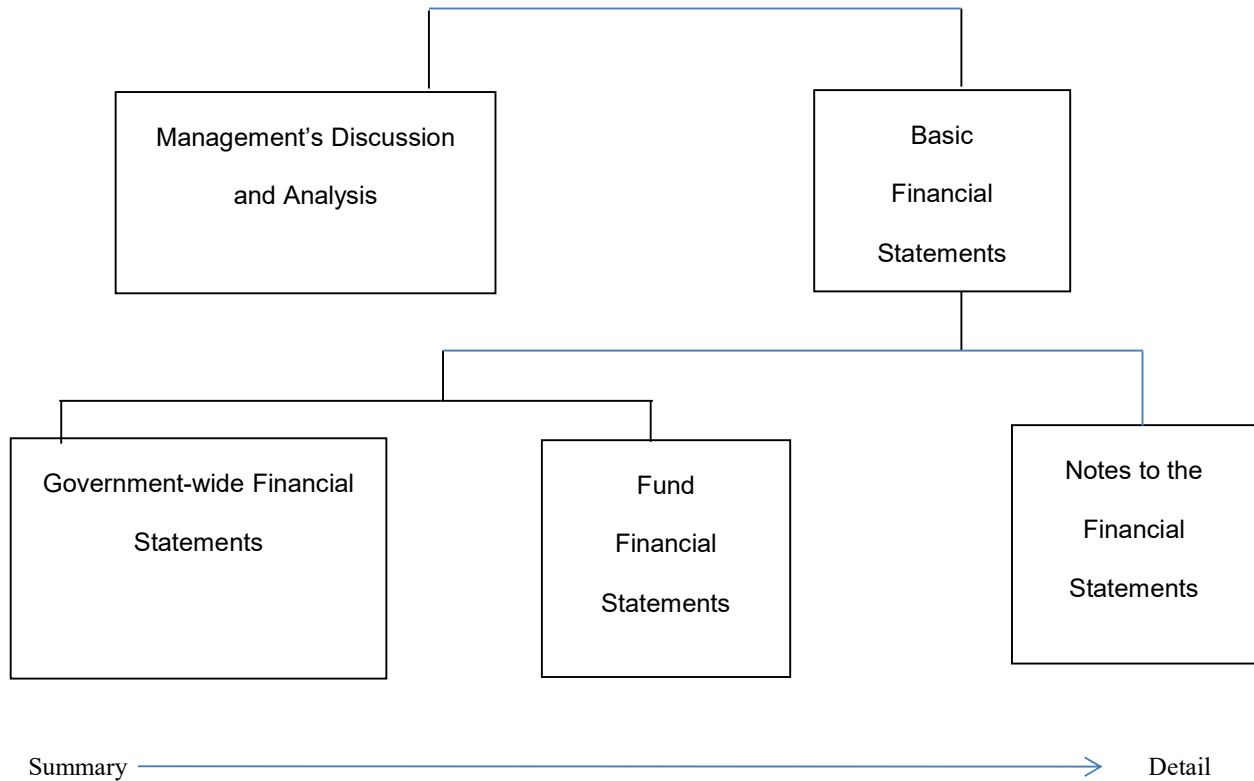
This discussion and analysis is intended to serve as an introduction to the Town’s basic financial statements. The Town’s basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). 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, 2023

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, 2023

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, 2023

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	
	2023	2022	2023	2022	2023	2022
Assets and Deferred Outflows of Resources						
Current and other assets	\$ 11,335,635	\$ 9,205,530	\$ 3,506,191	\$ 2,457,748	\$ 14,841,826	\$ 11,663,278
Capital Assets	28,883,654	28,808,303	16,015,462	15,076,754	44,899,116	43,885,057
Deferred Outflows of Resources	3,277,778	3,089,121	604,857	562,887	3,882,635	3,652,008
Total Assets and Deferred Outflows of Resources	43,497,067	41,102,954	20,126,510	18,097,389	63,623,577	59,200,343
Liabilities and Deferred Inflows of Resources						
Long-term Liabilities Outstanding	17,408,038	16,834,975	5,512,107	3,860,576	22,920,145	20,695,551
Other Liabilities	2,773,920	2,679,102	854,370	777,286	3,628,290	3,456,388
Deferred Inflows of Resources	2,086,746	2,451,116	385,997	463,322	2,472,743	2,914,438
Total Liabilities and Deferred Inflows of Resources	22,268,704	21,965,193	6,752,474	5,101,184	29,021,178	27,066,377
Net Position:						
Net Investment in capital assets	22,049,987	19,599,680	11,440,821	12,193,077	33,490,808	31,792,757
Restricted	4,448,863	3,008,166	-	-	4,448,863	3,008,166
Unrestricted	(5,270,487)	(3,470,085)	1,933,215	803,129	(3,337,272)	(2,666,956)
Total Net Position	\$ 21,228,363	\$ 19,137,761	\$ 13,374,036	\$ 12,996,206	\$ 34,602,399	\$ 32,133,967

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 \$34,602,399 on June 30, 2023. The Town's net position increased by \$2,468,432 for the year ended June 30, 2023. However, the largest portion of the Town's net position (96.79%) 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, \$4,448,863, represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$3,337,272) is unrestricted.

TOWN OF BLOWING ROCK, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2023

The Town of Blowing Rock Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 659,024	\$ 687,442	\$ 2,341,749	\$ 2,235,051	\$ 3,000,773	\$ 2,922,493
Operating grants and contributions	572,972	432,279	-	-	572,972	432,279
Capital grants and contributions	410,278	661,902	-	-	410,278	661,902
General revenues:						
Property taxes	6,153,538	5,366,060	-	-	6,153,538	5,366,060
Other taxes	5,789,913	5,411,325	-	-	5,789,913	5,411,325
Investment earnings	150,951	8,364	-	-	150,951	8,364
Grants and contributions not restricted to specific programs	437,294	688,873	-	-	437,294	688,873
Other	390,469	185,814	63,914	2,242	454,383	188,056
Total revenues	14,564,439	13,442,059	2,405,663	2,237,293	16,970,102	15,679,352
Expenses:						
General Government	4,786,452	2,844,551	-	-	4,786,452	2,844,551
Public Safety	3,913,800	4,700,135	-	-	3,913,800	4,700,135
Transportation	1,665,227	1,469,552	-	-	1,665,227	1,469,552
Environmental Protection	289,906	403,229	-	-	289,906	403,229
Cultural and Recreational	1,607,221	1,367,971	-	-	1,607,221	1,367,971
Interest on long-term debt	118,408	381,982	-	-	118,408	381,982
Water and Sewer	-	-	2,211,958	2,100,024	2,211,958	2,100,024
Total expenses	12,381,014	11,167,420	2,211,958	2,100,024	14,592,972	13,267,444
Change in net position before transfers	2,183,425	2,274,639	193,705	137,269	2,377,130	2,411,908
Transfers	(133,906)	(180,852)	133,906	180,852	-	-
Change in net position	2,049,519	2,093,787	327,611	318,121	2,377,130	2,411,908
Net position, beginning	19,137,761	16,953,115	12,996,206	12,594,202	32,133,967	29,547,317
Net position, beginning, restated	19,178,844	17,043,974	13,046,425	12,678,085	32,225,269	29,722,059
Net position, ending	\$ 21,228,363	\$ 19,137,761	\$ 13,374,036	\$ 12,996,206	\$ 34,602,399	\$ 32,133,967

TOWN OF BLOWING ROCK, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2023

Governmental activities. Governmental activities increased the Town's net position by \$2,090,602. 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 in the governmental funds.
- 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 \$41,083. These are detailed further in the notes to the financial statements, Note VI.

Business-type activities: Business-type activities increased the Town's net position by \$377,830:

- 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 \$3,647,808, while total fund balance reached \$8,234,281.

At June 30, 2023, the governmental funds of the Town reported a combined fund balance of \$10,150,891, a 25.34% increase over last year. Included in this change in fund balance is an increase in the General Fund of \$910,030, a increase in the Capital Projects Fund of \$1,057,146, and an increase in nonmajor funds of \$84,926.

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 \$1,933,215. The change in net position was a decrease of \$1,130,087. 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, 2023

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, 2023 amounts to \$44,899,116 (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	\$ 757,694
• Governmental equipment and furniture	138,863
• Governmental vehicles	103,531
• Governmental land	(210,226)
• Business-type plant	85,560
• Business-type equipment	239,696

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

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 4,328,830	\$ 4,539,056	\$ 100,504	\$ 100,504	\$ 4,429,334	\$ 4,639,560
Construction in Progress	4,589,183	4,740,474	1,688,973	518,879	6,278,156	5,259,353
Buildings	6,400,698	6,584,020	13,794,213	14,146,403	20,194,911	20,730,423
Infrastructure	12,407,833	11,938,092	-	-	12,407,833	11,938,092
Vehicles	446,505	401,286	-	-	446,505	401,286
Computers	57,207	15,215	-	-	57,207	15,215
Equipment	653,398	590,159	431,772	310,968	1,085,170	901,127
Total	<u>\$ 28,883,654</u>	<u>\$ 28,808,302</u>	<u>\$ 16,015,462</u>	<u>\$ 15,076,754</u>	<u>\$ 44,899,116</u>	<u>\$ 43,885,056</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, 2023 is summarized below:

Town of Blowing Rock's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 7,734,011	\$ 7,120,000	\$ 2,360,989	\$ 1,855,000	\$ 10,095,000	\$ 8,975,000
Unamortized bond premium	338,717	358,892	36,480	38,712	375,197	397,604
Compensated absences	391,920	405,628	64,320	72,434	456,240	478,062
Total pension liability	365,004	425,333	-	-	365,004	425,333
Net OPEB liability	4,287,189	5,495,749	816,608	1,046,810	5,103,797	6,542,559
Total OPEB liability	66,053	76,532	12,581	14,578	78,634	91,110
Net pension liability	2,462,280	670,003	469,006	127,620	2,931,286	797,623
Installment purchase - direct placements	3,336,009	3,732,684	2,229,172	1,041,965	5,565,181	4,774,649
Total	<u>\$ 18,981,183</u>	<u>\$ 18,284,821</u>	<u>\$ 5,989,156</u>	<u>\$ 4,197,119</u>	<u>\$ 24,970,339</u>	<u>\$ 22,481,940</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA
Management's Discussion and Analysis
June 30, 2023

The Town's total long-term liabilities increased by \$2,488,399 during the past fiscal year, due to new General obligation bond issuance and new debt issued for capital equipment and vehicles, as well as an increase in net pension liability, 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 \$117,835,887.

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, 2024

Governmental Activities. Property tax revenues are expected to increase over prior year at .390 cents per hundred dollars. 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. The General Fund budgeted revenues have an overall 7.4% increase over fiscal year June 30, 2023.

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. The Water and Sewer Fund budgeted revenues have an overall 5.57% increase over fiscal year June 30, 2023.

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, 2023

	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	\$ 4,860,243	\$ 2,570,304	\$ 7,430,547	\$ 620,898	\$ 2,025,091
Taxes receivable, net	71,527	-	71,527	-	183,251
Accounts receivable, net	677,456	466,124	1,143,580	-	-
Due from Other Governments	1,008,777	-	1,008,777	-	-
Inventories	2,700	201,297	203,997	412,562	-
Prepaid items	21,274	192	21,466	4,381	155
Restricted Cash and Cash Equivalents	4,693,658	268,274	4,961,932	152,960	-
Total Current Assets	11,335,635	3,506,191	14,841,826	1,190,801	2,208,497
Noncurrent Assets					
Right to use asset, net	-	-	-	-	148,412
Capital Assets:					
Land, Nondepreciable Improvements, and Construction in Progress	8,918,013	1,789,477	10,707,490	-	-
Other Capital Assets, Net of Depreciation	19,965,641	14,225,985	34,191,626	215,685	45,870
Total Noncurrent Assets	28,883,654	16,015,462	44,899,116	215,685	194,282
Total Assets	40,219,289	19,521,653	59,740,942	1,406,486	2,402,779
DEFERRED OUTFLOWS OF RESOURCES					
OPEB deferrals	1,570,268	305,758	1,876,026	608	25,220
Pension deferrals	1,707,510	299,099	2,006,609	48,554	81,034
Total deferred outflows of resources	3,277,778	604,857	3,882,635	49,162	106,254
LIABILITIES					
Current Liabilities:					
Accounts Payable and Accrued Liabilities	1,048,424	124,330	1,172,754	456,636	38,010
Accrued Interest	90,289	29,008	119,297	-	-
Prepaid fees	21,701	7,709	29,410	-	-
Current Portion of Long-term Debt	1,475,165	460,969	1,936,134	-	36,723
Current Portion of Compensated Absences	97,980	16,080	114,060	2,760	-
Payable from restricted assets	40,361	216,274	256,635	-	-
Total Current Liabilities	2,773,920	854,370	3,628,290	459,396	74,733
Long-term liabilities:					
Net pension liability (LGERS)	2,462,280	469,006	2,931,286	59,235	-
Total pension liability (LEOSSA)	365,004	-	365,004	-	-
Total OPEB liability	66,053	12,581	78,634	-	-
Net OPEB liability	4,287,189	816,608	5,103,797	12,972	-
Due in more than one year	10,227,512	4,213,912	14,441,424	-	306,485
Total Long-Term Liabilities	17,408,038	5,512,107	22,920,145	72,207	306,485
Total Liabilities	20,181,958	6,366,477	26,548,435	531,603	381,218
DEFERRED INFLOWS OF RESOURCES					
Prepaid Taxes	2,731	-	2,731	-	-
OPEB Deferrals	1,971,083	375,445	2,346,528	1,976	19,930
Pension Deferrals	112,932	10,552	123,484	250	4,063
Total deferred inflows of resources	2,086,746	385,997	2,472,743	2,226	23,993
NET POSITION					
Net investment in capital assets	22,049,987	11,440,821	33,490,808	215,685	45,870
Restricted for:					
Capital projects	-	-	-	152,960	-
Working capital	-	-	-	88,960	-
Stabilization by state statute	4,448,863	-	4,448,863	-	183,251
Unrestricted	(5,270,487)	1,933,215	(3,337,272)	464,214	1,874,701
Total Net Position	\$ 21,228,363	\$ 13,374,036	\$ 34,602,399	\$ 921,819	\$ 2,103,822

TOWN OF BLOWING ROCK, NORTH CAROLINA

Statement of Activities
For the Year Ended June 30, 2023

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	Town of Blowing Rock Board of Alcoholic Beverage Control	Town of Blowing Rock Tourism Development Authority
Primary government:									
Governmental activities:									
General government	\$ 4,786,452	\$ 380,987	\$ 210,978	\$ 410,278	\$ (3,784,209)	\$ -	\$ (3,784,209)	\$ -	\$ -
Public safety	3,913,800	2,765	237,695	-	(3,673,340)	-	(3,673,340)	-	-
Transportation	1,665,227	-	82,524	-	(1,582,703)	-	(1,582,703)	-	-
Environmental protection	289,906	130,286	-	-	(159,620)	-	(159,620)	-	-
Cultural and recreational	1,607,221	144,986	41,775	-	(1,420,460)	-	(1,420,460)	-	-
Interest on long-term debt	118,408	-	-	-	(118,408)	-	(118,408)	-	-
Total governmental activities	12,381,014	659,024	572,972	410,278	(10,738,740)	-	(10,738,740)	-	-
Business-type activities:									
Water and sewer	2,211,958	2,341,749	-	-	-	129,791	129,791	-	-
Total business-type activities	2,211,958	2,341,749	-	-	-	129,791	129,791	-	-
Total primary government	\$ 14,592,972	\$ 3,000,773	\$ 572,972	\$ 410,278	(10,738,740)	129,791	(10,608,949)	-	-
Component unit:									
Town of Blowing Rock Board of Alcoholic Beverage Control	2,319,820	2,319,064	-	-	-	-	-	(756)	-
Town of Blowing Rock Tourism Development Authority	1,465,924	-	-	-	-	-	-	-	(1,465,924)
Total component units	\$ 3,785,744	\$ 2,319,064	\$ -	\$ -	-	-	-	(756)	(1,465,924)
General revenues:									
Property taxes, levied for general purpose					6,153,538	-	6,153,538	-	-
Other taxes and licenses					5,789,913	-	5,789,913	-	1,702,462
Grants and contributions, not restricted to a specific purpose					437,294	-	437,294	-	-
Unrestricted investment earnings					150,951	63,914	214,865	1,245	2,956
Bond premiums on debt issued					15,662	-	15,662	-	-
Gain on sale of assets					301,693	-	301,693	-	-
Miscellaneous					73,114	-	73,114	244	497
Transfers					(133,906)	133,906	-	-	-
Total general revenues					12,788,259	197,820	12,986,079	1,489	1,705,915
Change in Net Position					2,049,519	327,611	2,377,130	733	239,991
Net position, beginning					19,137,761	12,996,206	32,133,967	921,086	1,863,831
Restatement (See Note VI in the Notes to the Financial Statements)					41,083	50,219	91,302	-	-
Net position, beginning, restated					19,178,844	13,046,425	32,225,269	921,086	1,863,831
Net position, ending					\$ 21,228,363	\$ 13,374,036	\$ 34,602,399	\$ 921,819	\$ 2,103,822

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, 2023

	<u>Major Funds</u>		<u>Total Non-Major Funds</u>	<u>Total Governmental Fund</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>		
ASSETS				
Cash and cash equivalents	\$ 4,697,848	\$ 100,000	\$ 62,395	\$ 4,860,243
Taxes receivable, net	56,980	-	-	56,980
Accounts receivable, net	616,982	60,000	474	677,456
Prepaid items	21,274	-	-	21,274
Due from other governments	1,008,777	-	-	1,008,777
Due from other funds	2,823,104	-	-	2,823,104
Inventory	2,700	-	-	2,700
Restricted cash and cash equivalents	123,871	4,461,434	108,353	4,693,658
Total Assets:	<u>\$ 9,351,536</u>	<u>\$ 4,621,434</u>	<u>\$ 171,222</u>	<u>\$ 14,144,192</u>
LIABILITIES, DEFERRED INFLOWS, AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	1,025,608	\$ 9,138	\$ 13,678	\$ 1,048,424
Amounts payable from restricted assets	10,235	-	-	10,235
Unspent grant proceeds	-	-	30,126	30,126
Prepaid fees	21,701	-	-	21,701
Due to other funds	-	2,823,104	-	2,823,104
Total Liabilities:	<u>1,057,544</u>	<u>2,832,242</u>	<u>43,804</u>	<u>3,933,590</u>
DEFERRED INFLOWS OF RESOURCES				
Prepaid taxes	2,731	-	-	2,731
Property taxes receivable	56,980	-	-	56,980
Total Deferred Inflows of Resources:	<u>59,711</u>	<u>-</u>	<u>-</u>	<u>59,711</u>
Fund balances:				
Nonspendable:				
Inventory	2,700	-	-	2,700
Prepaid items	21,274	-	-	21,274
Restricted:				
Stabilization by State statute	4,448,863	-	-	4,448,863
Capital items	113,636	1,789,192	77,072	1,979,900
Transportation	-	-	-	-
Assigned:				
Beautification	-	-	50,346	50,346
Subsequent year's expenditures	48,880	-	-	48,880
Unassigned:	3,598,928	-	-	3,598,928
Total Fund Balances:	<u>8,234,281</u>	<u>1,789,192</u>	<u>127,418</u>	<u>10,150,891</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 9,351,536</u>	<u>\$ 4,621,434</u>	<u>\$ 171,222</u>	<u>\$ 14,144,192</u>

(continued)

TOWN OF BLOWING ROCK, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2023

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		\$ 10,150,891
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	39,957,795	
Accumulated depreciation	<u>(11,074,141)</u>	28,883,654
Deferred outflows of resources:		
OPEB	1,570,268	
LTERS	1,605,232	
LEOSSA	<u>102,278</u>	3,277,778
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		14,547
Some receivables are not available to pay for current-period expenditures and, therefore, are reported as unavailable revenue in the funds.		
Ad valorem Taxes		56,980
Deferred inflows of resources:		
OPEB	(1,971,083)	
LTERS	(55,397)	
LEOSSA	<u>(57,535)</u>	(2,084,015)
Long-term liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment purchase obligations	(3,336,009)	
General Obligation Bonds	(7,734,011)	
Unamortized Bond Premiums	(338,717)	
Accrued interest payable	(90,289)	
Compensated absences	(391,920)	
Total OPEB Liability	(66,053)	
Net OPEB Liability	(4,287,189)	
Net pension liability (LTERS)	(2,462,280)	
Total pension liability (LEOSSA)	<u>(365,004)</u>	<u>(19,071,472)</u>
Net position of governmental activities		\$ 21,228,363

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

	Major Fund			Total Governmental Funds
	General Fund	Capital Projects Fund	Nonmajor	
REVENUES				
Ad valorem taxes	\$ 6,139,917	\$ -	\$ -	\$ 6,139,917
Other taxes and licenses	2,481,264	-	-	2,481,264
Unrestricted intergovernmental	3,442,303	-	-	3,442,303
Restricted intergovernmental	113,899	390,532	210,978	715,409
Sales and services	107,297	-	-	107,297
Permits and fees	362,774	-	-	362,774
Investment earnings	91,336	59,615	-	150,951
Other	791,773	-	41,775	833,548
Total revenues	<u>13,530,563</u>	<u>450,147</u>	<u>252,753</u>	<u>14,233,463</u>
EXPENDITURES				
Current:				
General government	4,635,015	90,936	-	4,725,951
Public safety	3,783,843	65,117	-	3,848,960
Transportation	1,413,903	208,185	-	1,622,088
Environmental protection	361,604	-	-	361,604
Culture and recreation	1,680,380	127,028	25,921	1,833,329
Debt Service:				
Principal	1,287,181	-	-	1,287,181
Interest and Other Charges	231,445	-	-	231,445
Total expenditures	<u>13,393,371</u>	<u>491,266</u>	<u>25,921</u>	<u>13,910,558</u>
Revenues over (under) expenditures	<u>137,192</u>	<u>(41,119)</u>	<u>226,832</u>	<u>322,905</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	68,000	72,603	-	140,603
Transfers to other funds	(72,603)	(60,000)	(141,906)	(274,509)
Proceeds from debt issuance	475,600	1,070,000	-	1,545,600
Bond premiums on debt issued	-	15,662	-	15,662
Sales of capital assets	301,841	-	-	301,841
Total other financing sources and uses	<u>772,838</u>	<u>1,098,265</u>	<u>(141,906)</u>	<u>1,729,197</u>
Net change in fund balance	910,030	1,057,146	84,926	2,052,102
Fund balance, beginning	7,324,251	732,046	42,492	8,098,789
Prior Period Adjustment (See Note VI)	-	-	-	-
Total Fund balance, beginning restated	<u>7,324,251</u>	<u>732,046</u>	<u>42,492</u>	<u>8,098,789</u>
Fund balances-ending	<u>\$ 8,234,281</u>	<u>\$ 1,789,192</u>	<u>\$ 127,418</u>	<u>\$ 10,150,891</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, 2023

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

Net changes in fund balances - total governmental funds		\$ 2,052,102
<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	848,472	
Depreciation Expense	(772,972)	
Gain (Loss) on Disposal of Assets	(148)	<u>75,352</u>
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		434,099
Benefit payments and pension administration costs for OPEB are not included on the Statement of Activities		246,081
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	12,215	
Change in interest earned on ad valorem taxes	1,406	<u>13,621</u>
<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	(1,545,600)	
Debt retirement	1,287,181	
Amortization of bond premium	20,175	
Increase (Decrease) in accrued interest payable	92,862	<u>(145,382)</u>
<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	(681,736)	
Pension expense - LEOSSA	(30,559)	
OPEB Expense	54,630	
Compensated absences	13,708	<u>(643,957)</u>
Total Change in net position of governmental activities		<u><u>\$ 2,049,519</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, 2023

	General Fund			Variance With Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 6,120,078	\$ 6,143,368	\$ 6,139,917	\$ (3,451)
Other taxes and licenses	2,348,191	2,348,191	2,481,264	133,073
Unrestricted intergovernmental revenues	2,993,789	3,393,789	3,442,303	48,514
Restricted intergovernmental revenues	109,518	117,042	113,899	(3,143)
Permits and fees	96,475	96,475	107,297	10,822
Sales and services	234,488	329,112	362,774	33,662
Investment earnings	2,000	59,500	91,336	31,836
Miscellaneous	637,099	690,064	791,773	101,709
Total revenues	<u>12,541,638</u>	<u>13,177,541</u>	<u>13,530,563</u>	<u>353,022</u>
Expenditures				
General government	4,239,633	4,884,818	4,635,015	249,803
Public safety	3,853,467	3,980,853	3,783,843	197,010
Transportation	1,364,379	1,433,402	1,413,903	19,499
Environmental protection	358,325	378,325	361,604	16,721
Culture and recreation	1,624,493	1,783,859	1,680,380	103,479
Debt Service:				
Principal	1,132,944	1,287,181	1,287,181	-
Interest and other charges	479,234	324,996	231,445	93,551
Total expenditures	<u>13,052,475</u>	<u>14,073,434</u>	<u>13,393,371</u>	<u>680,063</u>
Revenues over (under) expenditures	<u>(510,837)</u>	<u>(895,893)</u>	<u>137,192</u>	<u>1,033,085</u>
Other financing sources (uses):				
Transfers from Other Funds:				
Capital Projects Fund	60,000	70,000	60,000	(10,000)
BRAAC	8,000	8,000	8,000	-
Transfers to Other Funds:				
Capital Projects Fund	(61,603)	(94,103)	(72,603)	21,500
Proceeds from debt issuance	492,965	526,442	475,600	(50,842)
Sales of capital assets	10,000	206,070	301,841	95,771
Appropriated fund balance	1,475	179,484	-	(179,484)
Total other financing sources (uses)	<u>510,837</u>	<u>895,893</u>	<u>772,838</u>	<u>(123,055)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	910,030	<u>\$ 910,030</u>
Fund balance, beginning			7,324,251	
Prior Period Adjustment - See Note VI			-	
Total Fund balance, beginning restated			<u>7,324,251</u>	
Fund balance, ending			<u>\$ 8,234,281</u>	

TOWN OF BLOWING ROCK, NORTH CAROLINA

Statement of Net Position

Proprietary Funds

June 30, 2023

	Water and Sewer Fund
ASSETS	
Current assets:	
Cash & Cash Equivalents	\$ 2,570,304
Accounts Receivable, net	466,124
Due from Other Governments	-
Prepaid expenses	192
Inventories	201,297
Restricted cash and cash equivalents	268,274
Total current assets:	3,506,191
Noncurrent assets:	
Capital Assets:	
Land and constructon in progress	1,789,477
Other Capital Assets, net of Depreciation	14,225,985
Total noncurrent assets:	16,015,462
Total Assets	19,521,653
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	305,758
OPEB deferrals	299,099
Total Deferred Outflows of Resources	604,857
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	124,330
Current portion of long-term debt	460,969
Accrued interest payable	29,008
Prepaid fees	7,709
Compensated absences current portion	16,080
Liabilities payable from restricted assets:	
Customer deposits	216,274
Total current liabilities	854,370
Noncurrent liabilities:	
Due in more than one year	4,165,672
Compensated absences long-term portion	48,240
Net OPEB liability	816,608
Total OPEB liability	12,581
Net Pension liability	469,006
Total noncurrent liabilities	5,512,107
Total Liabilities	6,366,477
DEFERRED INFLOWS OF RESOURCES	
OPEB deferrals	375,445
Pension deferrals	10,552
Total Deferred Inflows of Resources	385,997
NET POSITION	
Net investment in capital assets	11,440,821
Unrestricted	1,933,215
Total Net Position	\$ 13,374,036

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

TOWN OF BLOWING ROCK, NORTH CAROLINA
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Fund
For the Year Ended June 30, 2023

	Water and Sewer Fund
OPERATING REVENUES	
Charges for services	\$ 2,303,150
Water and sewer taps	32,100
Other operating revenues	6,499
Total Operating Revenues	2,341,749
OPERATING EXPENSES	
Administration	466,064
Water and Sewer plant operations	741,895
Water and Sewer field operations	374,097
Depreciation	556,642
Total Operating Expenses	2,138,698
OPERATING INCOME (LOSS)	203,051
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	63,914
Transfers from ARPA Fund	133,906
Interest expense and other charges	(73,260)
Total Nonoperating Revenues (Expenses)	124,560
Change in Net Position	327,611
Net Position:	
Beginning of year - July 1	12,996,206
Prior Period Adjustments (See Note VI)	50,219
Beginning of year - July 1, restated	13,046,425
End of year - June 30	\$ 13,374,036

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	\$ 2,263,582
Cash Paid for Goods and Services	(786,412)
Cash Paid to Employees	(910,548)
Net Cash Provided (Used) by Operating Activities	566,622
Cash flows from Capital and Related Financing Activities:	
Proceeds from issuance of installment debt	2,009,400
Principal repaid on long term debt	(265,985)
Interest and other charges	(96,653)
Acquisition and construction of capital assets	(1,537,194)
Net Cash Provided (Used) by Capital and Related Financing Activities	109,568
Cash flows from Noncapital Financing Activities:	
Transfers (to) from) other funds	133,906
Cash Flows from Investing Activities	
Interest and dividends	63,914
Net Increase (Decrease) in Cash and Cash Equivalents	874,010
Cash and Cash Equivalents	
Beginning of year - July 1	1,964,568
End of year - June 30	\$ 2,838,578
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating Income (Loss)	\$ 203,051
Depreciation	556,642
Changes in Assets, Deferred Outflows of Resources, and Liabilities:	
(Increase) Decrease in Accounts Receivables, Net	(95,786)
(Increase) Decrease in Prepaid Expenses	6,914
(Increase) Decrease in Inventories	(85,561)
(Increase) Decrease in Deferred Outflows of Resources for Pensions and OPEB	(41,970)
Increase (Decrease) in Pension Liability	341,386
Increase (Decrease) in OPEB Liability	(232,199)
Increase (Decrease) in Accounts Payable and Accrued Liabilities	1,917
Increase (Decrease) in Unearned Revenue	(3,129)
Increase (Decrease) in Customer Deposits	796
Increase (Decrease) in Compensated Absences	(8,114)
Increase (Decrease) in Deferred Inflows of Resources for OPEB and Pension	(77,325)
Total Changes in Assets, Deferred Outflows of Resources, and Liabilities	(193,071)
Net cash provided (used) by operating activities	\$ 566,622

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2023

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, 2023

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, 2023

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, 2023

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, 2023

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, 2023 consisted of the following:

Governmental Activities	
General Fund - unexpended debt proceeds	\$ 113,636
General Fund - Customer deposits	10,235
Capital project fund - unexpended debt proceeds	4,461,434
American Rescue Plan Fund	<u>108,353</u>
Total Governmental Activities	<u>4,693,658</u>
Business-type Activities	
Water and Sewer Fund - customer deposits	216,274
Water and Sewer Fund - unexpended debt proceeds	<u>52,000</u>
Total Business-Type Activities	<u>268,274</u>
Total restricted cash	<u>\$ 4,961,932</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, 2023

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, 2023

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.

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, 2023

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 \$1,979,900.

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, 2023

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	\$ 8,234,281
Less:	
Non-spendable - inventory	2,700
Non-spendable - prepaid expenses	21,274
Restricted, all other	113,636
Stabilization by state statute	4,448,863
Available fund balance	<u>\$ 3,647,808</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, 2023

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

For the fiscal year ended June 30, 2023, the expenditures made in the Town's Water and Sewer Fund exceeded the authorized appropriations made the the governing board for the Plant Operations (the level at which the Town adopts its budget) by \$19,088. This was due primarily to salaries and employee benefits being higher than anticipated, and also due in part to utilities expenditures exceeding expectations.

III. 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, 2023, the Town's deposits had a carrying amount of \$5,150,274, and a bank balance of \$5,737,535. Of the bank balance, \$725,534 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 \$611,996 and the bank balance was \$638,995. \$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 \$2,000,091, and the bank balance was \$2,067,775. 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, 2023, the Town's petty cash fund totaled \$500.

Investments

As of June 30, 2023, the Town had the following investments and maturities:

Investment Type	Valuation Measurement Method	Book Value at 6/30/2023	Maturity	Rating
Nccmt- Government Portfolio	Fair Value - Level 1	\$ 7,241,705	N/A	AAAm

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2023

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.

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, 2023.

Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2023 are net of the following allowances for doubtful accounts:

	<u>Allowance</u>
Governmental Activities:	
Taxes receivable	\$ 43,000
Accounts receivable	9,764
Total governmental activities	<u>\$ 52,764</u>
Business-type Activities:	
Accounts Receivable	\$ 152,603
Total business-type activities	<u>\$ 152,603</u>

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

Governmental Activities:	
Local option sales tax	\$ 849,780
Sales tax refund receivable	158,997
Total governmental activities	<u>\$ 1,008,777</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2023

Capital Assets

Governmental Capital Assets

The capital assets of the government fund of the Town at June 30, 2023, were as follows:

	Beginning Balances June 30, 2022	Additions	Retirements	Ending Balances June 30, 2023
<u>Governmental Activities</u>				
Capital assets not being depreciated:				
Land	\$ 4,539,056	\$ -	\$ (210,226)	\$ 4,328,830
Construction in Progress	4,740,474	491,266	(642,557)	4,589,183
Total capital assets not being depreciated	<u>9,279,530</u>	<u>491,266</u>	<u>(852,783)</u>	<u>8,918,013</u>
Capital Assets being depreciated:				
Buildings & Improvements	9,196,103	-	-	9,196,103
Equipment	3,651,376	169,895	(31,032)	3,790,239
Vehicles	2,702,403	213,694	(110,163)	2,805,934
Computers	486,342	68,706	-	555,048
Infrastructure	13,934,764	757,694	-	14,692,458
Total capital assets being depreciated	<u>29,970,988</u>	<u>1,209,989</u>	<u>(141,195)</u>	<u>31,039,782</u>
Less accumulated depreciation for:				
Buildings & Improvements	2,612,083	183,322	-	2,795,405
Equipment	3,061,217	106,508	(30,884)	3,136,841
Vehicles	2,301,117	168,475	(110,163)	2,359,429
Computers	471,127	26,714	-	497,841
Infrastructure	1,996,672	287,953	-	2,284,625
Total accumulated depreciation	<u>10,442,216</u>	<u>772,972</u>	<u>(141,047)</u>	<u>11,074,141</u>
Total capital assets being depreciated, net	<u>19,528,772</u>	<u>\$ 437,017</u>	<u>\$ (148)</u>	<u>19,965,641</u>
Governmental activities capital assets, net	<u><u>\$ 28,808,302</u></u>			<u><u>\$ 28,883,654</u></u>

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

Governmental activities:	<u>Depreciation</u>
General government	\$ 75,995
Public Safety	231,539
Transportation	363,770
Environmental protection	19,814
Cultural recreation	81,854
Total depreciation expense:	<u><u>\$ 772,972</u></u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2023

	Beginning Balances			Ending Balances
	June 30, 2022	Additions	Retirements	June 30, 2023
<u>Water and Sewer Capital Assets</u>				
Capital assets not being depreciated:				
Land	\$ 100,504	\$ -	\$ -	\$ 100,504
Construction in Progress	518,879	1,227,682	(57,588)	1,688,973
Total capital assets not being depreciated	<u>619,383</u>	<u>1,227,682</u>	<u>(57,588)</u>	<u>1,789,477</u>
Capital assets being depreciated:				
Plant	24,035,672	85,560	-	24,121,232
Equipment	1,860,372	239,696	-	2,100,068
Total capital assets being depreciated	<u>25,896,044</u>	<u>325,256</u>	<u>-</u>	<u>26,221,300</u>
Less accumulated depreciation for:				
Plant	9,889,269	437,750	-	10,327,019
Equipment	1,549,404	118,892	-	1,668,296
Total accumulated depreciation	<u>11,438,673</u>	<u>556,642</u>	<u>-</u>	<u>11,995,315</u>
Total capital assets being depreciated, net	<u>14,457,371</u>	<u>\$ (231,386)</u>	<u>\$ -</u>	<u>14,225,985</u>
Water and Sewer Fund Capital assets, net	<u><u>\$ 15,076,754</u></u>			<u><u>\$ 16,015,462</u></u>

Construction Commitments

The Town has active construction projects as of June 30, 2023. 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	\$ 30,862,085	\$ 2,568,563	\$ 33,430,648
PRV Replacements	172,186	127,814	300,000
Main St. Water/Sewer Line Replacements	116,640	4,683,360	4,800,000
Water/Sewer Plant Upgrades*	64,123	-	64,123

* 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, 2023

Discretely Presented Component Units

Activity for the TDA for the year ended June 30, 2023, was as follows:

At June 30, 2023, the Authority’s capital assets consisted of furniture and equipment totaling \$123,427, being depreciated over ten years, and had accumulated depreciation of \$77,557. Depreciation expense for the current year was \$10,773. Right to use assets, net of accumulated amortization, totaled \$148,412.

Activity for the ABC Board for the year ended June 30, 2023, was as follows:

	Beginning Balances June 30, 2022	Additions	Retirements	Ending Balances June 30, 2023
<u>ABC Board</u>				
Capital assets not being depreciated:				
Land	\$ 96,275	\$ -	\$ -	\$ 96,275
Total capital assets not being depreciated	96,275	-	-	96,275
Capital assets being depreciated:				
Buildings and improvements	287,563	18,500	-	306,063
Furniture and equipment	60,702	-	-	60,702
Computer and furniture	55,668	-	-	55,668
Total capital assets being depreciated	403,933	18,500	-	422,433
Less accumulated depreciation for:				
Buildings and improvements	182,966	5,443	-	188,409
Furniture and equipment	60,136	118	-	60,254
Computer and furniture	54,360	-	-	54,360
Total accumulated depreciation	297,462	5,561	-	303,023
Total capital assets being depreciated, net	106,471	\$ 12,939	\$ -	119,410
 ABC Board Capital assets, net	 \$ 202,746			 \$ 215,685

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2023, is composed of the following elements:

	Governmental Activities	Business- Type Activities
Capital Assets	\$ 28,883,654	\$ 16,015,462
Long-term debt	(11,408,737)	(4,626,641)
Unexpended Debt proceeds	4,575,070	52,000
Net investment in capital assets:	\$ 22,049,987	\$ 11,440,821

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2023

B. Liabilities

Accounts payable and accrued liabilities are composed of the following amounts at June 30, 2023:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Total</u>
Governmental Activities	<u>\$ 878,745</u>	<u>\$ 169,679</u>	<u>\$ 1,048,424</u>
Business- Type Activities:			
Water and Sewer	<u>\$ 86,030</u>	<u>\$ 38,299</u>	<u>\$ 124,329</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, 2023

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, 2023, was 13.04% of compensation for law enforcement officers and 12.14% 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 \$516,784 for the year ended June 30, 2023.

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, 2023, the Town reported a liability of \$2,931,286 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 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, 2022 (measurement date), the Town's proportion was 0.05196%, which was an decrease of .00005% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2023, the Town recognized pension expense of \$811,590. At June 30, 2023, 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	\$ 126,306	\$ 12,384
Changes of assumptions	292,477	-
Net difference between projected and actual earnings on pension plan investments	968,821	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	6,602	53,565
Town contributions subsequent to the measurement date	516,784	-
Total:	<u>\$ 1,910,990</u>	<u>\$ 65,949</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2023

\$516,784 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:	
2024	\$ 405,969
2025	363,023
2026	97,700
2027	461,565
Thereafter	-
	<u>\$ 1,328,257</u>

Actuarial Assumptions. The total pension liability in the December 31, 2021 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 inflation and productivity factor
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, 2021 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015.

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	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100.0%	

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2023

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:

	<u>1% Decrease</u> <u>(5.50%)</u>	<u>Discount</u> <u>Rate (6.50%)</u>	<u>1% Increase</u> <u>(7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 5,290,594	\$ 2,931,286	\$ 987,079

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, 2021, the Separation Allowance's membership consisted of:

Inactive members currently receiving benefits	3
Active plan members	12
Total	<u>15</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2023

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, 2021 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 8.10 percent, including inflation and productivity factor
Discount rate	4.31 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, 2021 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, 2023

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

At June 30, 2023, the Town reported a total pension liability of \$365,004. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$30,559.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 43,376	\$ 2,093
Changes of assumptions	41,299	55,442
Town benefit payments and plan administrative expense made subsequent to the measurement date	17,603	-
Total	<u>\$ 102,278</u>	<u>\$ 57,535</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:	
2024	\$ 14,663
2025	15,838
2026	8,301
2027	(2,051)
2028	(9,238)
Thereafter	(373)

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 4.31%, 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 (3.31%) or 1-percentage-point higher (5.31%) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability:	\$ 391,509	\$ 365,004	\$ 340,713

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2023

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

Beginning Balance	\$ 425,333
Service Cost	21,505
Interest on the total pension liability	9,174
Differences between expected and actual experience in the measurement of the total pension liability	1,338
Changes in assumptions of other inputs	(57,139)
Benefit payments	(35,207)
Ending balance of the total pension liability	\$ 365,004

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, 2021 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2021.

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:

	LGERS	LEOSSA	Total
Pension Expense	\$ 335,664	\$ 39,749	\$ 375,413
Pension Liability	2,931,286	365,004	3,296,290
Proportionate share of the net pension liability	0.05196%	n/a	
 Deferred of Outflows of Resources			
Differences between expected and actual experience	126,306	43,376	169,682
Changes of assumptions	292,477	41,299	333,776
Changes in proportion and differences between contributions and proportionate share of contributions	6,602	-	6,602
Benefit payments and administrative costs paid subsequent to the measurement	516,784	17,603	534,387
 Deferred of Inflows of Resources			
Differences between expected and actual experience	12,384	2,093	14,477
Changes of assumptions	-	55,442	55,442
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	53,565	-	53,565

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2023

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 \$216,085 and \$58,479, which consisted of \$166,001 from the Town and \$50,084 from general employees and \$39,178 from the Town and \$19,301 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.

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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 6.89%, which amounted to \$289,242.

At June 30, 2023, the Town reported a liability of \$5,103,797 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2022, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2021. The total OPEB liability was then rolled forward to the measurement date of June 30, 2022 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, 2023, the Town's proportion was 0.02149%. For the year ended June 30, 2023, the Town recognized OPEB expense of (\$64,985).

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 49,551	\$ 14,123
Changes of assumptions	408,625	2,322,858
Net difference between projected and actual earnings on OPEB plan investments	44,197	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,060,778	-
Employer contributions subsequent to the measurement date	289,242	-
Total:	\$ 1,852,393	\$ 2,336,981

\$289,242 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, 2024. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2023	\$ 254,376
2024	124,372
2025	280,838
2026	114,244
2027	-
Thereafter	-
Total	\$ 773,830

Actuarial Assumptions. The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2020 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, 2021. 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, 2011 through December 31, 2015.

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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Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	100.0%	

Discount Rate. The discount rate used to measure the total OPEB liability for RHBF was 3.54%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.54% was used as the discount rate used to measure the total OPEB liability. The 3.54% rate is based on the Bond Buyer 20-Year General Obligation Index as of June 30, 2022.

Inflation	2.50%
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 2027
Healthcare cost trend rates - Prescription drug	9.50% grading down by 5% by 2031
Healthcare cost trend rates - Medicare advantage	6.5% grading down by 5% by 2025
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 (2.54 percent) or 1-percentage point higher (4.54 percent) than the current discount rate:

	1% Decrease (2.54%)	Discount Rate (3.54%)	1% Increase (4.54%)
Net OPEB liability	\$ 6,011,685	\$ 5,103,797	\$ 4,362,299

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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	\$ 4,201,241	\$ 5,103,797	\$ 6,270,479

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 12 inactive employees or beneficiaries current receiving benefits and 65 active members for a total membership of 77. A separate report is not issued for the plan.

Total OPEB Liability

The Town’s total OPEB liability of \$78,634 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022 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 - 7.90 percent, including inflation
Discount rate	3.54 percent
Healthcare cost trend rates	Pre-medicare - 7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031
	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, 2022 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, 2022 valuation were based on a review of recent plan experience done concurrently with the June 30, 2022 valuation.

Total OPEB Liability

Beginning balance	\$ 91,110
Changes for the year:	
Service cost at end of year	2,556
Interest	1,928
Differences between expected and actual experience	-
Changes of assumptions or other inputs	998
Benefit payments and implicit subsidy credit	(9,124)
Net Benefit Payments	(8,834)
Ending balance of the total pension liability	\$ 78,634

Changes in assumptions and other inputs reflect a change in the discount rate from 2.16% to 3.54%.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (4.54 percent) than the current discount rate:

	Decrease (2.54%)	Rate (3.54%)	Increase (4.54%)
Net OPEB liability	\$ 85,095	\$ 78,634	\$ 72,899

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	\$ 71,690	\$ 78,634	\$ 86,887

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Notes to the Financial Statements

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

For the year ended June 30, 2023, the Town recognized OPEB expense of (\$51). At June 30, 2023, 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	\$ 5,362	\$ 323
Changes of assumptions	7,900	9,224
Employer contributions subsequent to the measurement date	3,712	-
Total:	\$ 16,974	\$ 9,547

\$3,712 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, 2024. 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	\$ 444
2024	444
2025	811
2026	1,063
2027	1,063
Thereafter	(110)
Total	\$ 3,715

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	\$ 289,242	\$ 28,205	\$ 317,447
Net OPEB Liability	5,103,797	-	5,103,797
Total OPEB liability	-	78,634	78,634
Proportionate share of the net OPEB liability	0.02116%	n/a	

Deferred of Outflows of Resources:

Differences between expected and actual experience	\$ 49,551	\$ 5,362	\$ 54,913
Changes of assumptions	408,625	7,900	416,525
Net difference between projected and actual earnings on OPEB plan investments	44,197	-	44,197
Changes in proportion and differences between Town contributions and proportionate share of contributions	1,060,778	-	1,060,778
Benefit payments and administrative costs paid subsequent to the measurement	289,242	3,712	292,954
Total deferred outflows of resources	\$ 1,852,393	\$ 16,974	\$ 1,869,367

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

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	<u>RHBF OPEB</u>	<u>Other Insurance Plan OPEB</u>	<u>Total</u>
Deferred of Inflows of Resources:			
Differences between expected and actual experience	\$ 14,123	\$ 323	\$ 14,446
Changes of assumptions	2,322,858	9,224	2,332,082
Net difference between projected and actual earnings on plan investments	-	-	-
Total deferred inflows of resources	\$ 2,336,981	\$ 9,547	\$ 2,346,528

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	292,954
Differences between expected and actual experience	224,595
Changes of assumptions	750,301
Net difference between projected and actual earnings on investments	1,013,018
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,067,380
Total:	\$ 3,780,509

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

	<u>Statement of Net Position</u>	<u>General Fund</u>
Taxes receivable	\$ -	\$ 56,980
Prepaid taxes	2,730	2,730
Changes in assumptions	2,387,524	-
Differences between expected and actual experience	28,923	-
Changes in proportion and differences between employer contributions and proportionate share of contribution	53,565	-
Total:	\$ 2,472,742	\$ 59,710

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

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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, 2023, 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

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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	\$ 705,000
2.445% note for \$536,194, issued March 2012; payable in annual installments of \$27,519 beginning March 2012 with final payment due 2033	268,097
0% note for \$756,480, issued May 2010; payable in annual installments of \$37,824 beginning May 2010 with final payment due 2031	302,592
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	153,846
2.83% note for \$1,700,580, issued May 2015; payable in annual installments of \$113,372 beginning May 2015 with final payment 2030	793,604
1.82% note for \$300,000, payable in annual installments of \$78,536, including interest, beginning November 2020 through 2023; secured by various vehicles and equipment	86,631
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	378,522
1.60% note for \$102,665, issued November 2020; payable in annual installments of \$26,701 beginning November 2021 with final payment 2024	51,333
1.19% note for \$475,000, issued August 2021; payable in annual installments of \$122,455 beginning November 2022 with final payment November 2025	365,557
0% note for \$800,000, issued December 2021; payable in annual installments of \$200,000 beginning December 2022 with final payment in December 2025	600,000
4.53% note for \$660,000, issued November 2022; payable in annual installments of \$184,100, including interest, beginning November 2023 with final payment in November 2026.	660,000
3.833% note for \$1,200,000, issued April 2023; payable in annual principal installments of \$120,000, plus variable interest, beginning February 2024, with final payment in February 2033.	<u>1,200,000</u>
Total notes payable, secured - governmental and business-type activities	<u><u>\$ 5,565,182</u></u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

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The Town's outstanding note from direct placements of \$705,000 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, 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 contract 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) 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 contract.

The Town's outstanding note from direct borrowing of \$268,097 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 \$302,592 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 \$153,846 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 \$793,604 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 \$86,631 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 rights and remedies.

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2023

The Town's outstanding note from direct placements of \$378,522 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.

The Town's outstanding note from direct placements of \$51,333 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 rights and remedies.

The Town's outstanding note from direct placements of \$365,557 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 \$600,000 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, 2023

The Town’s outstanding note from direct placements of \$660,000 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.

The Town’s outstanding note from direct placements of \$1,200,000 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.

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
2024	\$ 927,668	\$ 87,633	\$ 298,059	\$ 57,416
2025	883,005	64,219	274,754	58,711
2026	787,683	39,844	276,994	50,415
2027	254,936	19,959	262,184	42,022
2028	312,659	19,876	212,977	33,737
2029-2033	170,058	6,016	904,204	80,833
Total	<u>\$ 3,336,009</u>	<u>\$ 237,547</u>	<u>\$ 2,229,172</u>	<u>\$ 323,134</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2023

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	\$ 2,240,000
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	750,000
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	1,289,011
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	410,989
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	3,135,000
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	575,000
3.29% bonds issued for \$1,695,000, Public Improvement, Series 2023 due on March 1 in installments of \$113,000 plus interest through November 1, 2039	<u>1,695,000</u>
Total	<u><u>\$ 10,095,000</u></u>

Year Ending June 30	<u>General Fund</u>		<u>Water and Sewer Fund</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 527,322	\$ 223,633	\$ 160,678	\$ 67,415
2025	527,322	207,174	160,678	63,180
2026	522,322	189,248	165,678	58,089
2027	518,531	171,420	164,469	52,898
2028	518,531	153,698	164,469	47,752
2029-2033	2,581,279	518,093	818,718	164,237
2034-2038	2,178,704	186,952	666,299	55,945
2039-2043	360,000	8,055	60,000	1,342
Total	<u><u>\$ 7,734,011</u></u>	<u><u>\$ 1,658,273</u></u>	<u><u>\$ 2,360,989</u></u>	<u><u>\$ 510,858</u></u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Notes to the Financial Statements

June 30, 2023

At June 30, 2023, the Town of Blowing Rock had a legal debt margin of \$117,835,887.

Changes in Long-Term Debt

The following is a summary of changes in long-term debt for the year ended June 30, 2023:

Governmental Activities:	Restated Beginning Balance	Additions	Retirements	Ending Balance	Current Portion of Balance
Installment purchase - Direct placements	\$ 3,691,601	\$ 475,600	\$ 831,192	\$ 3,336,009	\$ 927,668
General obligation bonds	7,120,000	1,070,000	455,989	7,734,011	527,322
Unamortized bond premiums	358,892	-	20,175	338,717	20,175
Net pension liability (LGERS)	670,003	1,792,277	-	2,462,280	-
Total pension liability (LEOSSA)	425,333	-	60,329	365,004	-
Net OPEB liability	5,495,749	-	1,208,560	4,287,189	-
Total OPEB liability	76,532	-	10,479	66,053	-
Compensated absences	405,628	-	13,708	391,920	97,980
Governmental activities long-term liabilities:	<u>\$ 18,243,738</u>	<u>\$ 3,337,877</u>	<u>\$ 2,600,432</u>	<u>\$ 18,981,183</u>	<u>\$ 1,573,145</u>
Business-type Activities:					
<u>Water and Sewer Fund</u>					
General obligation bonds	\$ 1,855,000	\$ 625,000	\$ 119,011	\$ 2,360,989	\$ 160,678
Unamortized bond premiums	38,712	-	2,232	36,480	2,232
Installment purchase - Direct placements and direct borrowings	991,746	1,384,400	146,974	2,229,172	298,059
Net Pension Liability (LGERS)	127,620	341,386	-	469,006	-
Net OPEB liability	1,046,810	-	230,202	816,608	-
Total OPEB liability	14,578	-	1,997	12,581	-
Compensated absences	72,434	-	8,114	64,320	16,080
Water and Sewer Fund long-term liabilities:	<u>\$ 4,146,900</u>	<u>\$ 2,350,786</u>	<u>\$ 508,530</u>	<u>\$ 5,989,156</u>	<u>\$ 477,049</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, 2023

Interfund Transactions

Transfers to/from Other Funds

Transfers to/from other funds for the year ended June 30, 2023 consist of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	Capital Project Fund	\$ 72,603
Capital Project Fund	General Fund	60,000
BRAAC Fund	General Fund	8,000
ARPA Fund	Water and Sewer Fund	133,906
Total:		<u>\$ 274,509</u>

Due to/from Other Funds

Balances due to/from other funds at June 30, 2023, consist of the following:

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

Capital Project Fund \$ 2,823,104

IV. 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 \$1,250 during the fiscal year ended June 30, 2023.

V. 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.

VI. Prior Period Adjustment(s)

Adjustments were recorded that increased net position for Governmental activities by \$41,083 and increased net position in the Water & Sewer Fund by \$50,219. On the Governmental activities, the adjustments were to record a correction to opening bonds payable (decrease of \$41,083). On the Water & Sewer Fund, the adjustments were to record a correction to opening bonds payable (decrease of \$50,219).

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 Ten Fiscal Years

Local Government Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Blowing Rock proportion of the net pension liability (asset) (%)	0.05196%	0.05201%	0.04840%	0.04820%	0.04970%
Blowing Rock proportion of the net pension liability (asset) (\$)	\$ 2,931,286	\$ 797,623	\$ 1,730,968	\$ 1,316,304	\$ 1,178,342
Blowing Rock covered payroll	\$ 3,590,007	\$ 3,075,426	\$ 2,878,094	\$ 2,818,331	\$ 2,923,978
Blowing Rock proportionate share of the net pension liability (asset) as a percentage of its covered payroll	81.65%	25.94%	60.14%	46.71%	40.30%
Plan fiduciary net position as a percentage of the total pension liability**	84.14%	95.51%	88.61%	90.86%	91.63%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Blowing Rock proportion of the net pension liability (asset) (%)	0.04270%	0.0402%	0.0401%	-0.03970%	0.03730%
Blowing Rock proportion of the net pension liability (asset) (\$)	\$ 652,338	\$ 852,754	\$ 183,961	\$ (233,953)	\$ 449,608
Blowing Rock covered payroll	\$ 2,428,119	\$ 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	26.87%	38.15%	8.94%	-12.64%	23.29%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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 CAROLINATown of Blowing Rock Contributions
Required Supplementary Information
Last Ten Fiscal Years

Local Government Employees' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 516,784	\$ 414,658	\$ 317,074	\$ 261,419	\$ 222,898
Contributions in relation to the contractually required contribution	516,784	414,658	317,074	261,419	222,898
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Blowing Rock's covered payroll	\$ 4,197,996	\$ 3,590,007	\$ 3,075,426	\$ 2,878,094	\$ 2,818,331
Contributions as a percentage of covered payroll	12.31%	11.55%	10.31%	9.08%	7.91%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 223,232	\$ 179,484	\$ 151,742	\$ 149,590	\$ 131,628
Contributions in relation to the contractually required contribution	223,232	179,484	151,742	149,590	131,628
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Blowing Rock's covered payroll	\$ 2,923,978	\$ 2,428,119	\$ 2,235,534	\$ 2,056,654	\$ 1,851,018
Contributions as a percentage of covered payroll	7.63%	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 Seven Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Beginning Balance	\$ 425,333	\$ 381,931	\$ 314,622	\$ 300,950
Service Cost	21,505	25,745	10,878	10,572
Interest on the total pension liability	9,174	7,032	9,683	10,341
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	1,338	55,647	(531)	18,511
Changes of assumptions or other inputs	(57,139)	(9,815)	82,486	7,967
Benefit payments	(35,207)	(35,207)	(35,207)	(33,719)
Other changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 365,004</u>	<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 Seven Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Total pension liability	\$ 365,004	\$ 425,333	\$ 381,931	\$ 314,622
Covered payroll	573,739	613,027	452,661	432,332
Total pension liability as a percentage of covered payroll	63.62%	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 Six Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>
Service Cost	\$ 2,556	\$ 2,982	\$ 2,181
Interest on the Total OPEB Liability	1,928	1,436	2,042
Changes of Benefit Terms	-	25,941	-
Differences between expected and actual experience	998	390	709
Changes of assumptions or other inputs	(9,124)	2,180	7,379
Benefit payments	(8,834)	(7,627)	(5,307)
Net change in total OPEB liability	<u>(12,476)</u>	<u>25,302</u>	<u>7,004</u>
Total OPEB Liability - beginning	91,110	65,808	58,804
Total OPEB Liability - ending	<u>\$ 78,634</u>	<u>\$ 91,110</u>	<u>\$ 65,808</u>
Covered payroll	\$ 3,131,562	\$ 3,131,562	\$ 2,585,218
Total OPEB liability as a percentage of covered payroll	2.51%	2.91%	2.55%
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost			
Interest on the Total OPEB Liability	\$ 1,666	\$ 1,752	\$ 1,861
Changes of Benefit Terms	1,912	-	-
Differences between expected and actual experience	-	1,843	1,653
Changes of assumptions or other inputs	6,344	(613)	(371)
Benefit payments	1,986	(1,438)	(2,525)
Net change in total OPEB liability	<u>(4,473)</u>	<u>(3,795)</u>	<u>(3,725)</u>
Total OPEB Liability - beginning	7,435	(2,251)	(3,107)
Total OPEB Liability - ending	<u>51,369</u>	<u>53,620</u>	<u>56,727</u>
Covered payroll	\$ 58,804	\$ 51,369	\$ 53,620
Covered payroll	\$ 2,585,218	\$ 2,260,517	\$ 2,260,517
Total OPEB liability as a percentage of covered payroll	2.27%	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%
2023	3.54%

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 Seven Fiscal Years*

Retiree Health Benefit Fund				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Blowing Rock proportion of the net OPEB liability (asset) (%)	0.02149%	0.02116%	0.01861%	0.01807%
Blowing Rock proportion of the net OPEB liability (asset) (\$)	\$ 5,103,797	\$ 6,542,559	\$ 5,162,054	\$ 5,716,124
Blowing Rock covered payroll	\$ 4,197,996	\$ 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	121.58%	212.74%	179.36%	202.82%
Plan fiduciary net position as a percentage of the total OPEB liability**	10.58%	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 Seven Fiscal Years*

Retiree Health Benefit Fund				
	2023	2022	2021	2020
Contractually required contribution	\$ 289,242	\$ 225,996	\$ 205,438	\$ 186,208
Contributions in relation to the contractually required contribution	289,242	225,996	205,438	186,208
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Blowing Rock's covered payroll	\$ 4,197,996	\$ 3,590,007	\$ 3,075,426	\$ 2,878,094
Contributions as a percentage of covered payroll	6.89%	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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem Taxes			
Taxes	\$ 6,134,368	\$ 6,124,369	\$ (9,999)
Penalties and Interest	9,000	15,548	6,548
Total Ad Valorem Taxes:	<u>6,143,368</u>	<u>6,139,917</u>	<u>(3,451)</u>
Other Taxes and Licenses			
Occupancy tax	2,348,191	2,481,264	133,073
Total Other Taxes and Licenses:	<u>2,348,191</u>	<u>2,481,264</u>	<u>133,073</u>
Unrestricted Intergovernmental Revenues			
Local Option Sales Tax	2,907,507	2,887,652	(19,855)
Utility Franchise Tax	316,842	359,271	42,429
Telecommunications tax	18,516	17,596	(920)
Video programming	37,484	36,566	(918)
Beer and Wine Tax	5,440	6,218	778
ABC profit distribution	108,000	135,000	27,000
Total Unrestricted Intergovernmental:	<u>3,393,789</u>	<u>3,442,303</u>	<u>48,514</u>
Restricted Intergovernmental Revenues			
Powell Bill Allocation	82,524	82,524	-
Snow Removal	9,000	-	(9,000)
Solid Waste Disposal Tax	518	1,345	827
ABC revenue for law enforcement	25,000	10,284	(14,716)
Federal and State Grants	-	19,746	19,746
Total Restricted Intergovernmental:	<u>117,042</u>	<u>113,899</u>	<u>(3,143)</u>
Permits and Fees			
Building Permits	96,475	107,297	10,822
Other Fees	-	-	-
Total Permits and Fees:	<u>96,475</u>	<u>107,297</u>	<u>10,822</u>
Sales and Services			
Recreation department	140,238	151,481	11,243
Recycling	95,490	101,923	6,433
Parking fines	76,624	91,265	14,641
Rental income	16,760	18,105	1,345
Total Sales and Services:	<u>329,112</u>	<u>362,774</u>	<u>33,662</u>
Investment Earnings	<u>59,500</u>	<u>91,336</u>	<u>31,836</u>
Miscellaneous			
Cemetery revenues	30,000	25,262	(4,738)
Solid waste fees	27,000	32,273	5,273
Zoning fees	12,000	18,060	6,060
Fire department contribution	336,070	421,365	85,295
Other	284,994	294,813	9,819
Total Miscellaneous:	<u>690,064</u>	<u>791,773</u>	<u>101,709</u>
Total Revenues:	<u>13,177,541</u>	<u>13,530,563</u>	<u>353,022</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Expenditures			
Current:			
General Government:			
Other Operating Expenditures	2,535,150	2,333,670	201,480
Total general government	<u>2,535,150</u>	<u>2,333,670</u>	<u>201,480</u>
Governing Body			
Salaries and Employee Benefits	48,023	46,826	1,197
Operating Expenditures	8,750	5,216	3,534
Total governing body	<u>56,773</u>	<u>52,042</u>	<u>4,731</u>
Finance			
Salaries and Employee Benefits	585,775	556,062	29,713
Operating Expenditures	1,475,805	1,504,034	(28,229)
Total finance	<u>2,126,580</u>	<u>2,110,526</u>	<u>16,054</u>
Public Buildings			
Operating Expenditures	166,315	138,777	27,538
Total public buildings	<u>166,315</u>	<u>138,777</u>	<u>27,538</u>
Total general government:	<u>4,884,818</u>	<u>4,635,015</u>	<u>249,803</u>
Public Safety:			
Police:			
Salaries and Employee Benefits	1,540,619	1,541,257	(638)
Operating Expenditures	258,914	251,245	7,669
Capital Outlay	356,297	239,182	117,115
Total police:	<u>2,155,830</u>	<u>2,031,684</u>	<u>124,146</u>
Fire			
Salaries and Employee Benefits	1,348,837	1,273,505	75,332
Operating Expenditures	64,850	73,734	(8,884)
Total fire:	<u>1,413,687</u>	<u>1,347,239</u>	<u>66,448</u>
Inspections			
Salaries and Employee Benefits	374,886	380,576	(5,690)
Operating Expenditures	36,450	24,344	12,106
Capital Outlay	-	-	-
Total inspections:	<u>411,336</u>	<u>404,920</u>	<u>6,416</u>
Total public safety:	<u>3,980,853</u>	<u>3,783,843</u>	<u>197,010</u>
Transportation:			
Streets and Highways			
Salaries and Employee Benefits	677,316	704,212	(26,896)
Operating Expenditures	585,454	539,060	46,394
Capital Outlay	170,632	170,631	1
Total transportation	<u>1,433,402</u>	<u>1,413,903</u>	<u>19,499</u>

(continued)

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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Environmental Protection:			
Solid Waste			
Salaries and Employee Benefits	217,825	212,622	5,203
Operating Expenditures	160,500	148,982	11,518
Total environmental protection	<u>378,325</u>	<u>361,604</u>	<u>16,721</u>
Cultural and Recreation:			
Parks and Recreation			
Salaries and Employee Benefits	809,544	820,350	(10,806)
Other Operating Expenditures	615,145	606,250	8,895
Capital Outlay	224,000	141,503	82,497
Total cultural and recreational:	<u>1,648,689</u>	<u>1,568,103</u>	<u>80,586</u>
BR Academy			
Salaries and Employee Benefits	9,170	3,374	5,796
Other Operating Expenditures	6,000	4,983	1,017
Capital Outlay	120,000	103,920	16,080
Total BR Academy	<u>135,170</u>	<u>112,277</u>	<u>22,893</u>
Debt Service:			
Principal retirement	1,287,181	1,287,181	-
Interest and other charges	324,996	231,445	93,551
Total Debt Service:	<u>1,612,177</u>	<u>1,518,626</u>	<u>93,551</u>
Total Expenditures:	<u>14,073,434</u>	<u>13,393,371</u>	<u>680,063</u>
Excess (Deficiency) of Revenues Over (Under)	<u>(895,893)</u>	<u>137,192</u>	<u>1,033,085</u>
Other Financing Sources (Uses):			
Transfer from other funds:			
Capital Projects Fund	70,000	60,000	10,000
BRAAC	8,000	8,000	-
Transfer to other funds:			
Capital Projects Fund	(94,103)	(72,603)	(21,500)
Proceeds from debt issuance	526,442	475,600	50,842
Sales of capital assets	206,070	301,841	(95,771)
Total Other Financing Sources (Uses)	<u>716,409</u>	<u>772,838</u>	<u>(56,429)</u>
Fund Balance Appropriated	<u>179,484</u>	-	<u>179,484</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>910,030</u>	<u>\$ 910,030</u>
Fund balance, beginning		<u>7,324,251</u>	
Fund balance, ending		<u>\$ 8,234,281</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, 2023

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed Projects		
Revenues						
Restricted intergovernmental:						
Contributions and grants	\$ 4,869,002	\$ 1,006,037	\$ 390,532	\$ (151,100)	\$ 1,245,469	\$ (3,623,533)
Other revenues:						
Miscellaneous	96,225	22,119	-	-	22,119	(74,106)
Investment income	61,993	143,983	59,615	(5,000)	198,598	136,605
Total Revenues	5,027,220	1,172,139	450,147	(156,100)	1,466,186	(3,561,034)
Expenditures						
Recreation projects						
Capital Outlay:						
Culture and recreation	2,286,351	958,725	127,028	-	1,085,753	1,200,598
Total	2,286,351	958,725	127,028	-	1,085,753	1,200,598
Streets and sidewalks projects						
Capital Outlay:						
Transportation	6,943,600	3,384,880	208,185	(583,397)	3,009,668	3,933,932
Total	6,943,600	3,384,880	208,185	(583,397)	3,009,668	3,933,932
Public Works						
Capital Outlay:						
Public buildings and facilities	72,898	156,501	65,117	(59,160)	162,458	(89,560)
Total	72,898	156,501	65,117	(59,160)	162,458	(89,560)
Public safety projects						
Capital Outlay:						
Public safety	35,355	36,724	-	-	36,724	(1,369)
Total	35,355	36,724	-	-	36,724	(1,369)
General government:						
Capital outlay:						
General government	3,181,059	203,644	90,936	-	294,580	2,886,479
Total	3,181,059	203,644	90,936	-	294,580	2,886,479
Total Expenditures	12,519,263	4,740,474	491,266	(642,557)	4,589,183	7,930,080

(continued)

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, 2023

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed Projects		
Excess (Deficiency) of Revenues Over Expenditures	(7,492,043)	(3,568,335)	(41,119)	486,457	(3,122,997)	4,369,046
Other financing sources (uses):						
Operating transfers in:						
General Fund	2,832,875	2,552,345	72,603	(486,457)	2,138,491	(694,384)
BRAAC	11,000	8,000	-	-	8,000	(3,000)
Operating transfers out:						
General Fund	(1,499,433)	(621,785)	(60,000)	-	(681,785)	817,648
Proceeds from long-term debt	5,897,988	2,104,338	1,070,000	-	3,174,338	(2,723,650)
Discount on debt issued	-	(55,587)	-	-	(55,587)	(55,587)
Bond premiums on debt issued	249,613	313,070	15,662	-	328,732	79,119
Total Other Financing Sources (Uses)	<u>7,492,043</u>	<u>4,300,381</u>	<u>1,098,265</u>	<u>(486,457)</u>	<u>4,912,189</u>	<u>(2,579,854)</u>
Appropriated Fund Balance	-	-	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 732,046</u>	1,057,146	<u>\$ -</u>	<u>\$ 1,789,192</u>	<u>\$ 1,789,192</u>
Fund Balance - Beginning of Year			<u>732,046</u>			
Fund Balance - End of Year			<u>\$ 1,789,192</u>			

NON-MAJOR GOVERNMENT FUNDS

TOWN OF BLOWING ROCK, NORTH CAROLINA

Non-Major Funds
Combining Balance Sheet
June 30, 2023

	Appearance Advisory Commission	American Rescue Plan Act Fund	Total
Assets:			
Cash and cash equivalents	\$ 62,395	\$ -	\$ 62,395
Restricted Cash and cash equivalents	-	108,353	108,353
Accounts Receivable	474	-	474
Total assets	<u>62,869</u>	<u>108,353</u>	<u>171,222</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:			
Liabilities:			
Accounts Payable	12,523	1,155	13,678
Unspent Grant Proceeds	-	30,126	30,126
Total liabilities	<u>12,523</u>	<u>31,281</u>	<u>43,804</u>
Fund Balance:			
Restricted:			
Capital Outlay	-	77,072	77,072
Assigned:			
Beautification	50,346	-	50,346
Unassigned	-	-	-
Total fund balance	<u>50,346</u>	<u>77,072</u>	<u>127,418</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 62,869</u>	<u>\$ 108,353</u>	<u>\$ 171,222</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, 2023

	Appearance Advisory Commission	American Rescue Plan Act Fund	Total
Revenues:			
Restricted Intergovernmental	\$ -	\$ 210,978	\$ 210,978
Other	41,775	-	41,775
Total Revenues	<u>41,775</u>	<u>210,978</u>	<u>252,753</u>
Expenditures:			
Cultural and Recreation	25,921	-	25,921
Total Expenditures	<u>25,921</u>	<u>-</u>	<u>25,921</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>15,854</u>	<u>210,978</u>	<u>226,832</u>
Other Financing Sources (Uses)			
Transfers to General Fund	(8,000)	-	(8,000)
Transfers to Water Fund	-	(133,906)	(133,906)
Total Other Financing Sources (Uses)	<u>(8,000)</u>	<u>(133,906)</u>	<u>(141,906)</u>
Net Change in Fund Balance	7,854	77,072	84,926
Fund Balance, beginning of year	<u>42,492</u>	<u>-</u>	<u>42,492</u>
Fund Balance, end of year	<u>\$ 50,346</u>	<u>\$ 77,072</u>	<u>\$ 127,418</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Donations	\$ 36,850	\$ 41,775	\$ 4,925
Miscellaneous	50	-	(50)
Total Revenues	<u>36,900</u>	<u>41,775</u>	<u>4,875</u>
Expenditures			
Cultural and recreation:			
Beautification	26,000	21,332	4,668
Miscellaneous	5,900	4,589	1,311
Total Expenditures	<u>31,900</u>	<u>25,921</u>	<u>5,979</u>
Excess Revenue Over (Under) Expenditures	<u>5,000</u>	<u>15,854</u>	<u>10,854</u>
Other financing sources (uses)			
Transfers to General Fund	(8,000)	(8,000)	-
Appropriated fund balance	3,000	-	(3,000)
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>(8,000)</u>	<u>(3,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>7,854</u>	<u>\$ 7,854</u>
Fund balance, beginning		<u>42,492</u>	
Fund balance, ending		<u>\$ 50,346</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, 2023

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed Projects		
Revenues						
Restricted intergovernmental:						
Contributions and grants	\$ 463,615	\$ 38,280	\$ 210,978	\$ -	\$ 249,258	\$ (214,357)
Total Revenues	<u>463,615</u>	<u>38,280</u>	<u>210,978</u>	<u>-</u>	<u>249,258</u>	<u>(214,357)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>463,615</u>	<u>38,280</u>	<u>210,978</u>	<u>-</u>	<u>249,258</u>	<u>(214,357)</u>
Other Financing Sources (Uses)						
Transfers to Water & Sewer Fund	(463,615)	(38,280)	(133,906)	-	(172,186)	291,429
Total Expenditures	<u>(463,615)</u>	<u>(38,280)</u>	<u>(133,906)</u>	<u>-</u>	<u>(172,186)</u>	<u>291,429</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>77,072</u>	<u>\$ -</u>	<u>\$ 77,072</u>	<u>\$ 77,072</u>
Fund Balance - Beginning of Year			<u>-</u>			
Fund Balance - End of Year			<u>\$ 77,072</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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Revenues			
Operating Revenues			
Water Sales:			
Residential	\$ 1,163,351	\$ 1,203,671	\$ 40,320
Interconnect charges	13,500	14,125	625
Impact fees	52,345	52,662	317
Total	<u>1,229,196</u>	<u>1,270,458</u>	<u>41,262</u>
Sewer Charges:			
Residential	1,018,410	980,853	(37,557)
Sewer CIP surcharge	51,580	51,839	259
Total	<u>1,069,990</u>	<u>1,032,692</u>	<u>(37,298)</u>
Water and Sewer taps	32,100	32,100	-
Other operating revenues	14,500	6,499	(8,001)
Total	<u>46,600</u>	<u>38,599</u>	<u>(8,001)</u>
Total Operating Revenues	<u>2,345,786</u>	<u>2,341,749</u>	<u>(4,037)</u>
Nonoperating Revenues			
Interest earnings	17,950	20,879	2,929
Total Nonoperating Revenues	<u>17,950</u>	<u>20,879</u>	<u>2,929</u>
Total Revenues	<u>2,363,736</u>	<u>2,362,628</u>	<u>(1,108)</u>
Expenditures			
Water and Sewer Administration:			
Salaries and employee benefits	155,361	154,094	1,267
Other operating expenses	352,354	315,143	37,211
Total	<u>507,715</u>	<u>469,237</u>	<u>38,478</u>
Water and Sewer Plant Operations:			
Salaries and employee benefits	462,072	482,772	(20,700)
Utilities	158,150	162,490	(4,340)
Other operating expenditures	103,453	97,501	5,952
Total	<u>723,675</u>	<u>742,763</u>	<u>(19,088)</u>
Water and Sewer Field Operations :			
Salaries and employee benefits	263,719	273,682	(9,963)
Other operating expenditures	249,300	124,505	124,795
Capital outlay	262,276	257,758	4,518
Total	<u>775,295</u>	<u>655,945</u>	<u>119,350</u>

(continued)

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, 2023

	Final Budget	Actual	Variance Positive (Negative)
Debt Service:			
Interest and other charges	156,506	46,399	110,107
Principal retirement	265,985	265,985	-
Total	<u>422,491</u>	<u>312,384</u>	<u>110,107</u>
Total Expenditures	<u>2,429,176</u>	<u>2,180,329</u>	<u>248,847</u>
Revenues Over (Under) Expenditures	<u>(65,440)</u>	<u>182,299</u>	<u>247,739</u>
Other Financing Sources (Uses):			
Transfers in from Water Sewer Capital Project	24,324	24,324	-
Transfers in from ARPA Fund	-	133,906	133,906
Transfers out to Water Sewer Capital Project	(172,063)	(152,563)	19,500
Transfers out to Reserves	-	-	-
Proceeds from issuance of Installment Debt	187,179	184,400	(2,779)
Proceeds from issuance of Leases	-	-	-
Appropriated fund balance	26,000	-	(26,000)
Total Other Financing Sources (Uses)	<u>65,440</u>	<u>190,067</u>	<u>124,627</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>372,366</u>	<u>\$ 372,366</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Principal retirement		265,985	
Depreciation		(556,642)	
Capital Outlay		267,668	
Proceeds from issuance of Installment Debt		(184,400)	
(Increase) decrease in accrued vacation pay		8,114	
Increase (decrease) in deferred outflows of resources - pensions and OPEB		41,970	
(Increase) decrease in net pension liability		(341,386)	
(Increase) decrease in OPEB liability		232,199	
(Increase) decrease in deferred inflows of resources - pensions and OPEB		77,325	
Expensed Items - Water & Sewer Capital Project		(26,861)	
Interest income from Water & Sewer Capital Projects		43,035	
Transfers in/out from Water & Sewer Capital Projects		128,238	
Total Reconciling Items		<u>(44,755)</u>	
Change in Net Position		<u>\$ 327,611</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, 2023

	Project Authorization	Actual			Total to Date	Variance Positive (Negative)
		Prior Years	Current Year	Closed Projects		
Revenues						
Investment earnings	\$ 46,030	\$ 107,305	\$ 51,878	\$ (46,780)	\$ 112,403	\$ 66,373
Contributions and grant proceeds	4,865,760	47,569	(8,843)	-	38,726	(4,827,034)
Miscellaneous income	33,750	533	-	-	533	(33,217)
Total Revenues	4,945,540	155,407	43,035	(46,780)	151,662	(4,793,878)
Expenditures						
Construction	7,081,121	364,347	913,013	(57,588)	1,219,772	5,861,349
Engineering and permitting	761,390	116,252	180,763	-	297,015	464,375
Total	7,842,511	480,599	1,093,776	(57,588)	1,516,787	6,325,724
Debt service:						
Interest expense	625,000	1,860	16,111	-	17,971	607,029
Bond issuance costs on debt issued	24,430	20,495	10,750	-	31,245	(6,815)
Total	649,430	22,355	26,861	-	49,216	600,214
Contingency	317,793	-	-	-	-	317,793
Total Expenditures	8,809,734	502,954	1,120,637	(57,588)	1,566,003	7,243,731
Revenues Over (Under) Expenditures	(3,864,194)	(347,547)	(1,077,602)	10,808	(1,414,341)	2,449,853
Other Financing Sources (Uses):						
Transfer from Water & Sewer Fund	1,017,425	1,249,523	152,562	(10,808)	1,391,277	373,852
Transfer from General Fund	326,430	362,358	-	-	362,358	35,928
Transfer to Water & Sewer Fund	(340,339)	(492,778)	(24,324)	-	(517,102)	(176,763)
Proceeds from long-term debt	999,048	225,660	1,200,000	-	1,425,660	426,612
Bond premiums on debt issued	637,430	45,005	625,000	-	670,005	32,575
Unexpected loan proceeds returned	1,200,000	(425,500)	-	-	(425,500)	(1,625,500)
Appropriated fund balance	24,200	-	-	-	-	(24,200)
Total Other Financing Source	3,864,194	964,268	1,953,238	(10,808)	2,906,698	(957,496)
Revenues and Other Financing Sources Over (Under) Expenditures and Other Finan	\$ -	\$ 616,721	\$ 875,636	\$ -	\$ 1,492,357	\$ 1,492,357

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, 2023

Fiscal Year	Uncollected Balance July 1, 2022	Additions	Collections and Credits	Uncollected Balance June 30, 2023
2022-23	\$ -	\$ 6,138,893	\$ 6,098,197	\$ 40,696
2021-22	33,967	-	7,135	26,832
2020-21	26,874	-	10,102	16,772
2019-20	7,855	-	5,696	2,159
2018-19	3,953	-	2,335	1,618
2017-18	2,322	-	176	2,146
2016-17	3,712	-	110	3,602
2015-16	963	-	108	855
2014-15	1,641	-	101	1,540
2013-14	3,851	-	91	3,760
2012-13	2,627	-	2,627	-
	<u>\$ 87,765</u>	<u>\$ 6,138,893</u>	<u>\$ 6,126,678</u>	<u>99,980</u>
Less: Allowance for Uncollectible Ad Valorem Taxes Receivable:				
General Fund				43,000
Ad Valorem Taxes Receivable, net				<u>\$ 56,980</u>
Reconciliation with Revenues:				
Taxes, ad valorem, General Fund				\$ 6,139,917
Reconciling Items:				
Amounts written off per Statute of Limitations				2,309
Penalties and interest				(15,548)
Total Collections and Credits				<u>\$ 6,126,678</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Analysis of Current Year Levy - Town-Wide Levy
June 30, 2023

	Town-Wide		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current rate	\$1,626,376,034	\$ 0.37	\$ 6,071,720	\$ 6,071,720	\$ -
Registered motor vehicles taxed	30,282,364	0.37	116,146	-	116,146
Total	<u>1,656,658,398</u>		<u>6,187,866</u>	<u>6,071,720</u>	<u>116,146</u>
Abatements	<u>(13,235,946)</u>	0.37	<u>(48,973)</u>	<u>(48,973)</u>	
Total Property Valuations	<u>\$1,643,422,452</u>				
Net Levy			6,138,893	6,022,747	116,146
Less uncollected taxes at June 30, 2022			<u>40,696</u>	<u>40,696</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 6,098,197</u>	<u>\$ 5,982,051</u>	<u>\$ 116,146</u>
Current Levy Collection Percentage			<u>99.34%</u>	<u>99.32%</u>	<u>100.00%</u>

TOWN OF BLOWING ROCK, NORTH CAROLINA

Analysis of Current Year Levy - Town-Wide Levy
For the Year Ended June 30, 2023

Secondary Market Disclosures:

Assessed Valuation:

Assessment ratio	<u>100.00%</u>
Real property	\$ 1,592,352,304
Personal property	43,141,829
Public service companies	<u>7,928,319</u>
Total Assessed Valuation	<u><u>\$ 1,643,422,452</u></u>
 Tax Rate Per \$100	 0.3700
 Levy (includes discoveries, releases, and abatements, excludes penalties)	 <u><u>\$ 6,138,893</u></u>

Compliance Section



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**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, 2023, 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 November 29, 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 2023-01 that we consider to be a significant deficiency.

Members

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

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
November 29, 2023

TOWN OF BLOWING ROCK, NORTH CAROLINA

Schedule of Findings and Responses
For the Year Ended June 30, 2023

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, 2023

Section II. Financial Statement Findings

Finding 2023-001

Prior Period Adjustments

SIGNIFICANT DEFICIENCY

Criteria: Management should have a system in place to verify that debt balances are recorded at the proper amount and debt payments are classified correctly.

Condition: Adjustments were recorded that increased net position for Governmental activities by \$41,083 and increased net position in the Water & Sewer Fund by \$50,219. On the Governmental activities, the adjustments were to record a correction to opening bonds payable (decrease of \$41,083). On the Water & Sewer Fund, the adjustments were to record a correction to opening bonds payable (decrease of \$50,219).

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: Inadequate review of ending loan balances per the audited financial statements, and improper maintenance of debt service schedule records.

Recommendation: The Town should review the ledger and financial documents regularly to ensure that necessary adjustments are made timely and correctly during the year, as well as preparing a comprehensive debt service schedule in order to track payments and balances.

Views of responsible officials and planned corrective actions:

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

Finding 2023-002

Budget Violation

SIGNIFICANT DEFICIENCY/NONCOMPLIANCE

Criteria: In accordance with North Carolina General Statutes § 143C, Budget revisions must be requested and approved prior to any commitment and/or expenditure that would exceed the amount budgeted. Entities should not overspend the authorized budget.

Condition: The Town did not adjust the budget for the Water and Sewer Plant Operations to provide adequate coverage for the higher than anticipated salaries, employee benefits, and utilities expenditures. In total, expenditures exceeded the budget in the department (adoption level) by \$19,088.

Effect: Monies were spent that had not been properly budgeted.

Cause: The Town did not properly adopt and record budget amendments to cover expenditures in the Water and Sewer Plant Operations.

Recommendation: The Town should review the ledger and financial documents regularly to ensure that necessary budget amendments are made timely and correctly during the year.

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, 2023

Section II. Financial Statement Findings

Finding 2023-001

Prior Period Adjustments

Name of Contact Person:

Tasha Brown, Finance Director

Corrective Action:

The current Finance Director was appointed in November of 2023 and along with the Town will implement procedures to ensure debt amortization schedules tie to the audited financial statements.

Proposed Completion Date:

The Council will implement the above procedure immediately.

Finding 2023-002

Budget Violation

Name of Contact Person:

Tasha Brown, Finance Director

Corrective Action:

The current Finance Director was appointed in November of 2023 and along with the Town will on a monthly basis monitor budget to actual expenditures to ensure no budget violations in the future.

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, 2023

2022-001

Corrected.