



Town of Pilot Mountain  
Town Hall 124 West Main Street Pilot Mountain, NC 27041  
Monday, November 23, 2020, 5:30 PM

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## **BOARD OF COMMISSIONERS WORKSHOP AGENDA**

### **Call To Order**

### **Adoption of Agenda**

### **New Business**

- [1.](#) Sunset/Simmons Water Line Bid Acceptance
- [2.](#) Sunset/Simmons Water Line Bid Acceptance
- [3.](#) Finance Update
- [4.](#) Town Project Review
- [5.](#) Employee Bonus Discussion

### **Adjournment**



TOWN OF PILOT MOUNTAIN  
BOARD OF COMMISSIONERS MEETING

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| Sunset/Simmons Water Line Bid Acceptance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                              |
| <b><u>Background Information:</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                              |
| The Town opened bids for the Sunset/Simmons Water Line project on October 21. We received two bids, one from Smith-Rowe construction for \$198,372.96 and one from North American Pipeline Management for \$211,593. WithersRavenel and I are recommending that the Board approval the low bid from Smith-Rowe construction. This bid is well under the budget estimate for this project. If the Board approves the bid, we will submit the paperwork to the NC DEQ to get the bid award approved and we can get started on the construction phase of this project. |                                                              |
| <b><u>Staff Recommendation:</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Approve low bid of \$198,372.96 from Smith-Rowe Construction |
| <b><u>Possible Board of Commissioner Actions</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                              |
| <ul style="list-style-type: none"><li>• Approve low bid</li><li>• Reject all bids</li><li>• Table until a later date</li><li>• Take no action</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                             |                                                              |
| <b><u>Attachments</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                              |
| <ul style="list-style-type: none"><li>• Engineer's Recommendation</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                              |

**PROJECT BUDGET ORDINANCE  
SUNSET/SIMMONS WATERLINE PROJECT**

**BE IT ORDAINED**, by the Pilot Mountain Board of Commissioners, that pursuant to North Carolina General Statutes Section 13.2 of Chapter 159, the following capital project ordinance is hereby adopted:

**Section 1:** The project authorized is the “Sunset/Simmons Waterline Project”.

**Section 2:** The officers of this unit are hereby directed to proceed with the project within the budget contained herein.

**Section 3:** The following revenues are anticipated to be available to complete this project.

|                                                   |                     |
|---------------------------------------------------|---------------------|
| NC Department of Environmental Quality Grant/Loan | \$379,795.00        |
| <b>Total:</b>                                     | <b>\$379,795.00</b> |

**Section 4:** The following amounts are the anticipated expenditures for the project:

|                                  |                     |
|----------------------------------|---------------------|
| Architectural & Engineering Fees | \$34,000.00         |
| Construction Costs               | \$198,373.00        |
| Grant/Loan Fee                   | \$7,600.00          |
| Contingency                      | \$139,822.00        |
| <b>Total:</b>                    | <b>\$379,795.00</b> |

**Section 5:** The Town Manager is hereby directed to maintain within the Grant Project Fund sufficient specific detailed accounting records to provide the accounting to the grantor agency required by the grant agreement state regulations.

**Section 6:** The Town Manager is directed to report quarterly on the financial status of each project element in Section 4 and on the total revenues received or claimed.

**Section 7:** Copies of this grant project ordinance shall be made available to the Town Manager for direction in carrying out this project.

Adopted this the 19<sup>th</sup> day of November, 2020.

SEAL:

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*Evan J. Cockerham, Mayor*

ATTEST:

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*Holly Utt, Town Clerk*



TOWN OF PILOT MOUNTAIN  
BOARD OF COMMISSIONERS MEETING

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                              |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------|
| Sunset/Simmons Water Line Bid Acceptance                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                                              |
| <b><u>Background Information:</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                                              |
| The Town opened bids for the Sunset/Simmons Water Line project on October 21. We received two bids, one from Smith-Rowe construction for \$198,372.96 and one from North American Pipeline Management for \$211,593. WithersRavenel and I are recommending that the Board approval the low bid from Smith-Rowe construction. This bid is well under the budget estimate for this project. If the Board approves the bid, we will submit the paperwork to the NC DEQ to get the bid award approved and we can get started on the construction phase of this project. |                                                              |
| <b><u>Staff Recommendation:</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Approve low bid of \$198,372.96 from Smith-Rowe Construction |
| <b><u>Possible Board of Commissioner Actions</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                                              |
| <ul style="list-style-type: none"><li>• Approve low bid</li><li>• Reject all bids</li><li>• Table until a later date</li><li>• Take no action</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                             |                                                              |
| <b><u>Attachments</u></b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                                              |
| <ul style="list-style-type: none"><li>• Engineer's Recommendation</li></ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                              |

October 23, 2020

Town of Pilot Mountain  
Mr. Michael Boaz, Town Manager  
124 W. Main Street  
Pilot Mountain, NC 27041

RE: Bid Evaluation and Award Recommendation  
FY 2020 Simmons St. & Sunset Dr., Water Line Replacement  
WR Project No. 06190122.00

Dear Mr. Boaz:

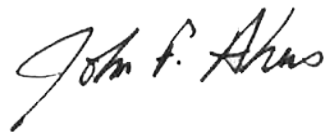
Attached is the certified bid tabulation of the bids received for the subject project which were opened at 2:00 PM on October 21, 2020 in the Town Hall. We recommend that the contract be awarded to the low bidder, Smith -Rowe, LLC. The low bidder for project was \$198,372.72. The second low bidder was North America Pipeline Management, Inc. at \$211,593.00. The Engineer's Opinion of Probable Cost was \$201,470.00. The original contract budget total was \$387,795.00

An informal bidding process was used. Four contractors were contact and asked to submit bids. Locke-Lane, after expressing initial interest, indicated that they would not bid. J.R. Lynch was also asked to bid, and they failed to provide a bid. Bids that were received were opened in private. After review, we found only one problem with the bids submitted. Smith-Rowe failed to provide an "Authority to Execute the Contract" statement. This does not necessary make then a non-responsive bidder as they are a well know contractor and can most likely provide this information upon request. There were no calculation errors in the bids submitted. The final decision to award the contract to either contractor is with the Town.

Attached is the bid tab with the verified bid information and the bid packages of the lowest bidders. We will forward this information to NC Division of Water Infrastructure for their approval to award the contract. If you have any questions, please do not hesitate to call.

Sincerely,

WithersRavenel



John F. Akers, PE  
Senior Project Manager

Attachments:

Certified Bid Tabs  
Bidders Checklists  
Low Bidder Package

| Project Bid Tabulation                                  |                                                       | October 21, 2020           |            | North American Pipeline Management, Inc. |                      |                     |
|---------------------------------------------------------|-------------------------------------------------------|----------------------------|------------|------------------------------------------|----------------------|---------------------|
| FY 2020 Simmons St. & Sunset Dr. Water Line Replacement |                                                       | Engineer's Opinion of Cost |            | Smith Rowe, LLC                          |                      |                     |
| Town of Pilot Mt., NC                                   |                                                       | Unit Price                 |            | Unit Price                               |                      |                     |
| WithersRavenel Project No. 02190122.00, WIF # 1975      |                                                       | Extended Total Price       |            | Extended Total Price                     |                      |                     |
| Item No.                                                | Item Description                                      | Unit                       | Est. Quan. | Unit Price                               | Extended Total Price |                     |
| <b>Site Preparation/Clean-up</b>                        |                                                       |                            |            |                                          |                      |                     |
| 1                                                       | Bonds, Insurance, Mobilization, 3% Max                | LS                         | 1          | \$ 2,970.00                              | \$ 2,970.00          |                     |
| 2                                                       | Roadway Patching/Paving                               | LS                         | 1          | \$ 50,000.00                             | \$ 50,000.00         |                     |
| Water Line                                              |                                                       |                            |            |                                          |                      |                     |
| 3                                                       | 6-inch PVC AWWA C900 DR 18                            | LF                         | 1,283      | \$ 49.62                                 | \$ 63,662.46         |                     |
| 4                                                       | 2-inch PVC Schedule 40                                | LF                         | 215        | \$ 12.51                                 | \$ 2,689.65          |                     |
| 5                                                       | 12-inch 0.25" Thick Steel Encasement by Bore and Jack | LF                         | 30         | \$ 369.13                                | \$ 11,073.90         |                     |
| 6                                                       | 57 Stone for Pipe Bedding                             | Ton                        | 30         | \$ 36.18                                 | \$ 1,085.40          |                     |
| <b>Fittings</b>                                         |                                                       |                            |            |                                          |                      |                     |
| 7                                                       | DI C153 Fittings                                      | LB                         | 65         | \$ 14.68                                 | \$ 954.20            |                     |
| 8                                                       | 6" X 12" Tapping Sleeve and Valve                     | EA                         | 1          | \$ 11,425.58                             | \$ 11,425.58         |                     |
| 8                                                       | 6" Gate Valve                                         | EA                         | 3          | \$ 1,615.54                              | \$ 4,846.62          |                     |
| 9                                                       | 6" End of Line Blow-off Valve & Assembly              | EA                         | 2          | \$ 1,444.92                              | \$ 2,889.84          |                     |
| 9                                                       | Fire Hydrant Assembly                                 | EA                         | 2          | \$ 6,625.03                              | \$ 13,250.06         |                     |
| 10                                                      | Short Service Connection                              | EA                         | 8          | \$ 1,247.00                              | \$ 9,976.00          |                     |
| 11                                                      | Long Service Connection                               | EA                         | 8          | \$ 1,599.74                              | \$ 12,797.92         |                     |
| 12                                                      | Erosion Control                                       | LS                         | 1          | \$ 15,785.13                             | \$ 15,785.13         |                     |
| <b>TOTAL CONSTRUCTION BID COST</b>                      |                                                       |                            |            | <b>\$201,470.00</b>                      | <b>\$198,372.96</b>  | <b>\$211,593.00</b> |



By: John F. Akers, P.E.

Date: October 23, 2020

**Bidders Checklist**  
**FY 2020 Simmons St. and Sunset Dr. Water Line Replacement**  
**Pilot Mt., NC**

WIF# 1975

| Contractor                                     | Bid Schedule - Dated July 2020 | Information Available to Bidders | Non-Collusive Affidavit | Proposal Signature page Complete | Iran Divestment Act Certification | E-Verify Affidavit | License Information | Bid Bond | Power of Attorney | Identification of Minority Business Participation | Affidavit A or Affidavit B | Table A and/or Table B | Authority to Execute Contract | Bid Amount    |
|------------------------------------------------|--------------------------------|----------------------------------|-------------------------|----------------------------------|-----------------------------------|--------------------|---------------------|----------|-------------------|---------------------------------------------------|----------------------------|------------------------|-------------------------------|---------------|
| J.R. Lynch, Pilot Mt. Norht Carolina           |                                |                                  |                         |                                  |                                   |                    |                     |          |                   |                                                   |                            |                        |                               | DID NOT BID   |
| Smith Rowe, Mount Airy, NC                     | 👍                              | 👍                                | 👍                       | 👍                                | 👍                                 | 👍                  | 👍                   | 👍        |                   | 👍                                                 | 👍                          | 👍                      | X                             | \$ 198,372.96 |
| Norht American Pipeline Management, Maireta GA | 👍                              | 👍                                | 👍                       | 👍                                | 👍                                 | 👍                  | 👍                   | 👍        |                   | 👍                                                 | 👍                          | 👍                      | 👍                             | \$ 211,593.00 |
| Locke-Lane, Stony Point, NC                    |                                |                                  |                         |                                  |                                   |                    |                     |          |                   |                                                   |                            |                        |                               | DID NOT BID   |

July 29, 2020

SECTION 00 03 00  
INFORMATION AVAILABLE TO BIDDERS

The following information is available as exhibits at the end of the project manual:

- Erosion Control Permit
- Encroachment Agreement
- Geotechnical Permit
- Water System Permit

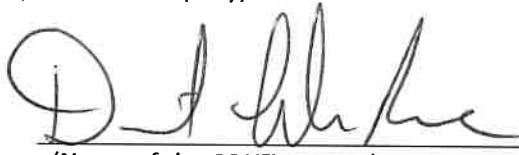
Prior to reviewing the information and/or Report(s), interested Bidders will be required to sign a release form stating that it is understood the information is for general information purposes only; no warranties or guarantees are implied. A copy of the report(s) is attached to the end of this section.

"CONTRACTOR" hereby acknowledges and agrees that the following information and/or report(s) are provided by OWNER solely for general information purposes and are not part of the Contract Documents; no warranties or guarantees are implied.

CONTRACTOR:

SMITH-ROWE, LLC  
(Name of Company)

Accepted By:

  
(Name of the CONTRACTOR's Representative)

Title:

MANAGER  
(Title of the CONTRACTOR's Representative)

Date:

10/21/20

END OF SECTION

July 29, 2020

SECTION 00 03 40

NON-COLLUSIVE AFFIDAVIT

being first duly sworn, deposes and says that:

DAVID LOCKE ROWE

He/She is the MANAGER (OWNER, Partner, Officer, Representative or Agent) of SMITH-ROWE, LLC (the Bidder that has submitted the attached Bid);

He/She is fully informed respecting the preparation and contents of the attached Bid and of all pertinent circumstances respecting such Bid;

Such Bid is genuine and is not a collusive or sham Bid;

Neither the said Bidder nor any of its officers, partners, owners, agents, representatives, employees or parties in interest, including this affidavit, have in any way colluded, conspired, connived or agreed, directly or indirectly, with any other Bidder, firm, or person to submit a collusive or sham Bid in connection with the Work for which the attached Bid has been submitted; or to refrain from bidding in connection with such Work; or have in any manner, directly or indirectly, sought by agreement or collusion, or communication, or conference with any Bidder, firm, or person to fix the price or prices in the attached Bid or of any other Bidder, or to fix any overhead, profit, or cost elements of the Bid price or the Bid price of any other Bidder, or to secure through any collusion, conspiracy, connivance, or unlawful agreement any advantage against (Recipient), or any person interested in the proposed Work;

The price or prices quoted in the attached Bid are fair and proper and are not tainted by any collusion, conspiracy, connivance, or unlawful agreement on the part of the Bidder or any other of its agents, representatives, owners, employees or parties in interest, including this affidavit.

Dated:

By: 10/21/20  
[Signature]

State Of: North Carolina

County Of: Surry

Subscribed and sworn to before me this 21 Day of October, 2020

Notary Public Patricia B. Hull

My commission expires: 10-10-23

Patricia B. Hull  
Notary Public  
Surry County, NC  
My Commission Expires 10-10-23

END OF SECTION

**BID FORM**

**TOWN OF PILOT MOUNTAIN  
FY 2020 SIMMONS ST. AND SUNSET DR.  
WATER LINES REPLACEMENT**

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EJCDC® C-410, Bid Form for Construction Contracts.

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and American Society of Civil Engineers. All rights reserved. Page i

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**ARTICLE 1 – BID RECIPIENT**

1.01 This Bid is submitted to:

Town of Pilot Mountain  
124 W. Main Street  
Pilot Mountain, NC 27041

1.02 The undersigned Bidder proposes and agrees, if this Bid is accepted, to enter into an Agreement with Owner in the form included in the Bidding Documents to perform all Work as specified or indicated in the Bidding Documents for the prices and within the times indicated in this Bid and in accordance with the other terms and conditions of the Bidding Documents.

**ARTICLE 2 – BIDDER’S ACKNOWLEDGEMENTS**

2.01 Bidder accepts all of the terms and conditions of the Instructions to Bidders, including without limitation those dealing with the disposition of Bid security. This Bid will remain subject to acceptance for 60 after the Bid opening, or for such longer period of time that Bidder may agree to in writing upon request of Owner.

**ARTICLE 3 – BIDDER’S REPRESENTATIONS**

3.01 In submitting this Bid, Bidder represents that:

A. Bidder has examined and carefully studied the Bidding Documents, and any data and reference items identified in the Bidding Documents, and hereby acknowledges receipt of the following Addenda:

| <u>Addendum No.</u> | <u>Addendum, Date</u> |
|---------------------|-----------------------|
| _____               | _____                 |
| _____               | _____                 |
| _____               | _____                 |

B. Bidder has visited the Site, conducted a thorough, alert visual examination of the Site and adjacent areas, and become familiar with and satisfied itself as to the general, local, and Site conditions that may affect cost, progress, and performance of the Work.

C. Bidder is familiar with and has satisfied itself as to all Laws and Regulations that may affect cost, progress, and performance of the Work.

D. Bidder has carefully studied all: (1) reports of explorations and tests of subsurface conditions at or adjacent to the Site and all drawings of physical conditions relating to existing surface or subsurface structures at the Site that have been identified in the Supplementary Conditions, especially with respect to Technical Data in such reports and drawings, and (2) reports and drawings relating to Hazardous Environmental Conditions, if any, at or adjacent

to the Site that have been identified in the Supplementary Conditions, especially with respect to Technical Data in such reports and drawings.

- E. Bidder has considered the information known to Bidder itself; information commonly known to contractors doing business in the locality of the Site; information and observations obtained from visits to the Site; the Bidding Documents; and any Site-related reports and drawings identified in the Bidding Documents, with respect to the effect of such information, observations, and documents on (1) the cost, progress, and performance of the Work; (2) the means, methods, techniques, sequences, and procedures of construction to be employed by Bidder; and (3) Bidder's safety precautions and programs.
- F. Bidder agrees, based on the information and observations referred to in the preceding paragraph, that no further examinations, investigations, explorations, tests, studies, or data are necessary for the determination of this Bid for performance of the Work at the price bid and within the times required, and in accordance with the other terms and conditions of the Bidding Documents.
- G. Bidder is aware of the general nature of work to be performed by Owner and others at the Site that relates to the Work as indicated in the Bidding Documents.
- H. Bidder has given Engineer written notice of all conflicts, errors, ambiguities, or discrepancies that Bidder has discovered in the Bidding Documents, and confirms that the written resolution thereof by Engineer is acceptable to Bidder.
- I. The Bidding Documents are generally sufficient to indicate and convey understanding of all terms and conditions for the performance and furnishing of the Work.
- J. The submission of this Bid constitutes an incontrovertible representation by Bidder that Bidder has complied with every requirement of this Article, and that without exception the Bid and all prices in the Bid are premised upon performing and furnishing the Work required by the Bidding Documents.

#### **ARTICLE 4 – BIDDER'S CERTIFICATION**

##### **4.01 Bidder certifies that:**

- A. This Bid is genuine and not made in the interest of or on behalf of any undisclosed individual or entity and is not submitted in conformity with any collusive agreement or rules of any group, association, organization, or corporation;
- B. Bidder has not directly or indirectly induced or solicited any other Bidder to submit a false or sham Bid;
- C. Bidder has not solicited or induced any individual or entity to refrain from bidding; and
- D. Bidder has not engaged in corrupt, fraudulent, collusive, or coercive practices in competing for the Contract. For the purposes of this Paragraph 4.01.D:
  - 1. "corrupt practice" means the offering, giving, receiving, or soliciting of any thing of value likely to influence the action of a public official in the bidding process;
  - 2. "fraudulent practice" means an intentional misrepresentation of facts made (a) to influence the bidding process to the detriment of Owner, (b) to establish bid prices at artificial non-competitive levels, or (c) to deprive Owner of the benefits of free and open competition;

3. "collusive practice" means a scheme or arrangement between two or more Bidders, with or without the knowledge of Owner, a purpose of which is to establish bid prices at artificial, non-competitive levels; and
4. "coercive practice" means harming or threatening to harm, directly or indirectly, persons or their property to influence their participation in the bidding process or affect the execution of the Contract.

#### ARTICLE 5 – BASIS OF BID

5.01 Bidder will complete the Work in accordance with the Contract Documents for the following price(s):

**See Attached Bid Form**

Bidder acknowledges that (1) each Bid Unit Price includes an amount considered by Bidder to be adequate to cover Contractor's overhead and profit for each separately identified item, and (2) estimated quantities are not guaranteed, and are solely for the purpose of comparison of Bids, and final payment for all unit price Bid items will be based on actual quantities, determined as provided in the Contract Documents.

#### ARTICLE 6 – TIME OF COMPLETION

- 6.01 Bidder agrees that the Work will be substantially complete within 120 after the date when the Contract Times commence to run as provided in Paragraph 4.01 of the General Conditions, and will be completed and ready for final payment in accordance with Paragraph 15.06 of the General Conditions within 150 after the date when the Contract Times commence to run.
- 6.02 Bidder accepts the provisions of the Agreement as to liquidated damages.

#### ARTICLE 7 – ATTACHMENTS TO THIS BID

- 7.01 The following documents are submitted with and made a condition of this Bid:
  - A. Required Bid security; in an amount of 5% of the total price bid in the form of a (CIRCLE ONE):
    - Bid Bond
    - Certified Check
    - Cashier's Check
  - B. 00300 - Information Available to Bidder's - Acknowledgement
  - C. 00340 - Non-collusive Affidavit
  - D. 00410 - Bid Form - Addenda Acknowledgement
  - E. 00421 - E-Verify Affidavit
  - F. Contractor License
  - G. 00422 - DBE Affidavits (Appendix 1)
    1. Affidavit A - Listing Of Good Faith Efforts
    2. Affidavit B - Intent To Perform Contract With Own Workforce

**ARTICLE 8 – DEFINED TERMS**

8.01 The terms used in this Bid with initial capital letters have the meanings stated in the Instructions to Bidders, the General Conditions, and the Supplementary Conditions.

**ARTICLE 9 – BID SUBMITTAL**

BIDDER: *[Indicate correct name of bidding entity]*

SMITH-ROWE, LLC

By:   
*[Signature]*

*[Printed name]* DAVID LOCKE ROWE  
*(If Bidder is a corporation, a limited liability company, a partnership, or a joint venture, attach evidence of authority to sign.)*

Attest:   
*[Signature]*

*[Printed name]* BRYAN REECE

Title: PROJECT MANAGER

Submittal Date: 10/21/20

Address for giving notices:  
639 OLD US-52 SOUTH  
MOUNT AIRY, NC 27030

Telephone Number: 336 789 8221

Fax Number: 336 789 6907

Contact Name and e-mail address: BRYAN REECE  
bryan@smithrowe.com

Bidder's License No.: 70021  
*(where applicable)*

**BID SCHEDULE****Pilot Mountain****FY 2020 Sunset Drive and Simmons Street Water Line Replacement**

WithersRavenel Project No. 06190122.00

| ITEM                                                                            | DESCRIPTION                                          | QUANTITY | UNIT | UNIT COST            | CONSTRUCTION COST OPINION    |
|---------------------------------------------------------------------------------|------------------------------------------------------|----------|------|----------------------|------------------------------|
| <b>Site Preparation/Clean-up</b>                                                |                                                      |          |      |                      |                              |
| 1                                                                               | Bonds, Insurance, Mobilization, 3% Max               | 1        | LS   | 5950. <sup>00</sup>  | 5950. <sup>00</sup>          |
| 2                                                                               | Roadway Patching/Paving                              | 1        | LS   | 41986. <sup>20</sup> | 41986. <sup>20</sup>         |
| <b>Water Line</b>                                                               |                                                      |          |      |                      |                              |
| 3                                                                               | 6-inch PVC AWWA C900 DR 18                           | 1,283    | LF   | 49. <sup>62</sup>    | 63662. <sup>46</sup>         |
| 4                                                                               | 2-inch PVC Schedule 40                               | 215      | LF   | 12. <sup>51</sup>    | 2699. <sup>65</sup>          |
| 5                                                                               | 12-inch 0.25" Thick Steel Encasment by Bore and Jack | 30       | LF   | 369. <sup>13</sup>   | 11073. <sup>90</sup>         |
| 6                                                                               | 57 Stone for Pipe Bedding                            | 30       | Ton  | 36. <sup>18</sup>    | 1085. <sup>40</sup>          |
| <b>Fittings</b>                                                                 |                                                      |          |      |                      |                              |
| 7                                                                               | DI C153 Fittings                                     | 65       | LB   | 14. <sup>68</sup>    | 954. <sup>20</sup>           |
| 8                                                                               | 6" X 12" Tapping Sleeve and Valve                    | 1        | EA   | 11425. <sup>58</sup> | 11425. <sup>58</sup>         |
| 8                                                                               | 6" Gate Valve                                        | 3        | EA   | 1615. <sup>54</sup>  | 4846. <sup>62</sup>          |
| 9                                                                               | 6" End of Line Blow-off Valve & Assembly             | 2        | EA   | 1444. <sup>92</sup>  | 2889. <sup>84</sup>          |
| 9                                                                               | Fire Hydrant Assembly                                | 2        | EA   | 6625. <sup>03</sup>  | 13250. <sup>06</sup>         |
| 10                                                                              | Short Service Connection                             | 8        | EA   | 1247. <sup>00</sup>  | 9976. <sup>00</sup>          |
| 11                                                                              | Long Service Connection                              | 8        | EA   | 1599. <sup>74</sup>  | 12797. <sup>92</sup>         |
| <b>Erosion Control</b>                                                          |                                                      |          |      |                      |                              |
| 12                                                                              | Erosion Control and Site Restoration                 | 1        | LS   | 15785. <sup>13</sup> | 15785. <sup>13</sup>         |
| <b>Total Bid</b>                                                                |                                                      |          |      |                      | <b>198,372.<sup>96</sup></b> |
| Write Out in Words: ONE HUNDRED NINETY EIGHT THOUSAND THREE HUNDRED SEVENTY TWO |                                                      |          |      |                      |                              |
| DOLLARS + 96/100 —                                                              |                                                      |          |      |                      |                              |

July 29, 2020

SECTION 00 04 11  
IRAN DIVESTMENT ACT CERTIFICATION

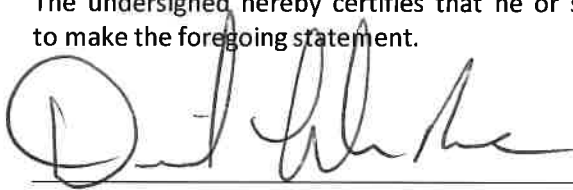
Name of Contractor, Vendor, or Bidder

SMITH ROWE, LLC

IRAN DIVESTMENT ACT CERTIFICATION  
REQUIRED BY N.C.G.S. 147-86.60

As of the date listed below, the vendor or bidder listed above is not listed on the Final Divestment List created by the State Treasurer pursuant to N.C.G.S. 147-86.58.

The undersigned hereby certifies that he or she is authorized by the vendor or bidder listed above to make the foregoing statement.



Signature

10/21/20

Date

DAVID LOCKE ROWE

Printed Name

10/21/20

Date

Notes to persons signing this form:

N.C.G.S. 147-86.59(a) requires this certification for bids or contracts with the State of North Carolina, a North Carolina local government or any other political subdivision of the State of North Carolina. The certification is required at the following times:

When a bid is submitted

When a contract is entered into (if the certification was not already made when the vendor made its bid)

When a contract is renewed or assigned

N.C.G.S. 147-86.59(b) requires that contractors with the State, a North Carolina local government or any other political subdivision of the State of North Carolina must not utilize any subcontractor found on the State Treasurer's Final Divestment List.

The State Treasurer's Final Divestment List can be found on the State Treasurer's website at the address [www.nctreasurer.com/iran](http://www.nctreasurer.com/iran) and will be updated every 180 days.

END OF SECTION

July 29, 2020

SECTION 00 04 12  
E-VERIFY AFFIDAVIT

State of NORTH CAROLINA  
County of SURRY

NOW COMES Affiant, first being sworn, deposes and says as follows

1. I have submitted a bid for contract or desire to enter into a contract with the **Town of Pilot Mountain;**
2. As part of my duties and responsibilities pursuant to said bid and/or contract, I attest that I am aware of and in compliance with the requirements of E-Verify, Article 2 of Chapter 64 of the North Carolina General Statutes, to include (mark which applies):

After hiring an employee to work in the United States I verify the work authorization of said employee through E-Verify and retain the record of the verification of work authorization while the employee is employed and for one year thereafter; or

I employ less than twenty-five (25) employees in the State of North Carolina.

3. As part of my duties and responsibilities pursuant to said bid and/or contract, I attest that to the best of my knowledge any subcontractors employed as a part of this bid and/or contract are in compliance with the requirements of E-Verify, Article 2 of Chapter 64 of the North Carolina General Statutes, to include (mark which applies):

After hiring an employee to work in the United States the subcontractor verifies the work authorization of said employee through E-Verify and retain the record of the verification of work authorization while the employee is employed and for one year thereafter; or

Employ less than twenty-five (25) employees in the State of North Carolina.

Specify subcontractor \_\_\_\_\_

July 29, 2020

This the 21~~st~~ day of OCTOBER 2020

  
\_\_\_\_\_  
Affiant

Sworn to and subscribed before me, this the 21 day of October 2020

[OFFICIAL SEAL]

Patricia B. Hull  
Notary Public  
Surry County, NC  
My Commission Expires 10-10-23

  
\_\_\_\_\_  
Notary Public

My Commission Expires 10-10-23

END OF SECTION

# NC Division of Water Infrastructure MBE/WBE (DBE) Compliance Supplement Instructions

*(This package combines the various aspects of State of NC HUB program requirements and Federal DBE requirements into a single compliance supplement in order to eliminate redundancy and ambiguity)*

| Item                                                                                 | What to do with it                                                                                                                          |
|--------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------|
| Good Faith Efforts Form                                                              | Provided by all bidders to be responsive<br>Only low bidder's form is submitted to the State                                                |
| Table A (Summary of firms on job)                                                    | Provided by all bidders to be responsive<br>Only low bidder's form is submitted to the State                                                |
| Table B (per item being subbed)                                                      | Provided by low bidder if SRF project or SRP/SEL* that obtains less than 10% M/WBE utilization (see page 2)                                 |
| Provide documentation of anything you did that is mentioned later in this supplement | - Proof of trade paper advertisement<br>- Printouts of DBE sources used<br>- Solicitation emails and/or letters                             |
| <b>Additional Forms for SRF Projects (these forms are currently not applicable)</b>  |                                                                                                                                             |
| <del>6100-3 (per M/WBE firm)</del>                                                   | <del>Provided by low bidder if SRF project</del>                                                                                            |
| <del>6100-2</del>                                                                    | <del>Distributed to M/WBE firms if SRF project</del>                                                                                        |
| <del>Subs submit concerns on 6100-2 forms to:</del>                                  | <del><b>Michael Pigram</b><br/><b>Region 4, Atlanta Federal Center</b><br/><b>61 Forsyth Street</b><br/><b>Atlanta, GA 30303-8960</b></del> |

## NOTES on this Compliance Supplement

### Verifiable Goals

- |                                         |           |
|-----------------------------------------|-----------|
| <b>EPA MBE/WBE participation goals:</b> | MBE 10.9% |
|                                         | WBE 10.4% |

These are goals that the State reports against and are not quotas. *The good faith efforts must be adhered to and all forms provided regardless of what percentage utilization is achieved.*

- |                                                |                |
|------------------------------------------------|----------------|
| <b>State of NC MBE/WBE participation goal:</b> | 10% (combined) |
|------------------------------------------------|----------------|

Table B is not required for SRP and SEL projects if you achieve 10% utilization.

### DBE (MBE or WBE) Certification

In order for a firm to count towards the goals, a firm must be properly certified. Table A and Table B both provide spaces to note who certified the firm. The North Carolina Department of Administration and North Carolina Department of Transportation are the most common certifications we see listed. Division of Water Infrastructure staff verify all certifications listed.

**For SRF projects, please note the EPA's six Good Faith Efforts found in 40 CFR 33**

Filling out the Good Faith Efforts Form and providing Table B (if subcontracting is achieved) constitutes compliance with EPA's six good faith efforts.

- (1) Ensure MBE/WBEs are made aware of contracting opportunities to the fullest extent practicable through outreach and recruitment activities. For Indian Tribal, State and local Government recipients, this will include placing MBE/WBEs on solicitation lists and soliciting them whenever they are potential sources.
- (2) Make information of forthcoming opportunities available to MBE/WBEs and arrange time for contracts and establish delivery schedules, where requirements permit, in a way that encourages and facilitates participation by DBEs in the competitive process. This includes, whenever possible, posting solicitations for bids or proposals for a minimum of 30 calendar days before the bid or proposal closing date.
- (3) Consider in the contracting process whether firms competing for large contracts could subcontract with MBE/WBEs. For Indian Tribal, State and local Government recipients, this will include dividing total requirements when economically feasible into smaller tasks or quantities in order to increase opportunities for participation by MBE/WBEs in the competitive process.
- (4) Encourage contracting with a consortium of MBE/WBEs when a contract is too large for one of these firms to handle individually.
- (5) Use the services and assistance of the SBA and the MBDA.
- (6) If the prime contractor awards subcontracts, require the prime contractor to take the steps in subparagraphs (1)-(5) of this section.

**Pertinent State of North Carolina Administrative Code Regarding M/WBE Compliance. The provisions in this Compliance Supplement constitute compliance with the Rules below.**

|                         |                   |
|-------------------------|-------------------|
| Owner Requirements      | 01 NCAC 30I .0306 |
| Contractor Requirements | 01 NCAC 30I .0308 |

## **Resources**

---

***Some sources for identifying MBE/WBE (DBE) firms***

- <https://www.ips.state.nc.us/vendor/SearchVendor.aspx> (NCDOA)
- <https://www.ebs.nc.gov/VendorDirectory/default.html> (NCDOT)
- [http://dsbs.sba.gov/dsbs/search/dsp\\_dsbs.cfm](http://dsbs.sba.gov/dsbs/search/dsp_dsbs.cfm) (US SBA)

***Some sources for finding minority trade papers for potential solicitation advertisements and Federal advertising options***

- <http://web.sba.gov/subnet/> (US SBA Subnet advertising website)
- <https://www.mbda.gov/> (US Dept. of Commerce)
- <https://ncadmin.nc.gov/businesses/hub> (NC HUB Office)

## Good Faith Efforts Form

*Attempts to provide subcontracting opportunities for MBE/WBE firms.*

Per 01 NCAC 30I .0101, 50 points must be claimed below by the bidder.

*(This is identical to State of NC Affidavit A)*

- 1 – (10 pts)** Contacted minority businesses that reasonably could have been expected to submit a quote and that were known to the contractor, or available on State or local government maintained lists, at least 10 days before the bid date and notified them of the nature and scope of the work to be performed.
- 2 --(10 pts)** Made the construction plans, specifications and requirements available for review by prospective minority businesses, or providing these documents to them at least 10 days before the bids are due.
- 3 – (15 pts)** Broken down or combined elements of work into economically feasible units to facilitate minority participation.
- 4 – (10 pts)** Worked with minority trade, community, or contractor organizations identified by the Office of Historically Underutilized Businesses and included in the bid documents that provide assistance in recruitment of minority businesses.
- 5 – (10 pts)** Attended prebid meetings scheduled by the public owner.
- 6 – (20 pts)** Provided assistance in getting required bonding or insurance or provided alternatives to bonding or insurance for subcontractors.
- 7 – (15 pts)** Negotiated in good faith with interested minority businesses and did not reject them as unqualified without sound reasons based on their capabilities. Any rejection of a minority business based on lack of qualification should have the reasons documented in writing.
- 8 – (25 pts)** Provided assistance to an otherwise qualified minority business in need of equipment, loan capital, lines of credit, or joint pay agreements to secure loans, supplies, or letters of credit, including waiving credit that is ordinarily required. Assisted minority businesses in obtaining the same unit pricing with the bidder's suppliers in order to help minority businesses in establishing credit.
- 9 – (20 pts)** Negotiated joint venture and partnership arrangements with minority businesses in order to increase opportunities for minority business participation on a public construction or repair project when possible.
- 10 - (20 pts)** Provided quick pay agreements and policies to enable minority contractors and suppliers to meet cash-flow demands.

Results of Good Faith Efforts Undertaken (you must check one box below)

- No subcontractors are being used for this contracted work. Fill out Table A listing only the Prime Contractor. (This statement takes the place of State of NC Affidavit B)
- Subcontractors are being used. Fill out Table A and B for each trade. **Each Table B lists 3.**
- Subcontractors are being used. If any Table B has fewer than 3 solicitations you must also advertise in an M/WBE trade paper and indicate what source of M/WBE firms you used (must list at least one). Some possible papers and sources of M/WBE firms are listed in the Instructions of this Supplement.

Name of the Trade Paper: \_\_\_\_\_

Submit proof of advertisement with package

M/WBE Sources: Source: \_\_\_\_\_ Source: \_\_\_\_\_

Submit printouts from M/WBE source(s)

**Certification Statement and Affidavit of Contractor.**

The below affidavit constitutes compliance with 01NCAC 30I .0308(7)(a) and (b) and takes the place of State of North Carolina Affidavits C and D.

I have read the information in this compliance supplement and all information provided to the State in this package is accurate and true to the extent of my knowledge including the calculated percentages and the good faith efforts presented herein.

SMITH-ROWE, LLC  
Prime Contractor Company Name (Print)

[Signature] 10/21/20  
Prime Contractor Representative (Sign & Date)



State of North Carolina, County of Surry

Subscribed and sworn to before me this 21 day of October 2020

Notary Public Patricia B. Hull

My Commission Expires 10-10-23

**Certification of Project Owner/Funding Applicant**

\_\_\_\_\_  
Funding Applicant (City, Town etc)

\_\_\_\_\_  
Applicant Authorized Representative (Sign & Date)

\_\_\_\_\_  
Division of Water Infrastructure Project Number

### Table A: Prime Contractor and list of selected subcontractors

List Prime and ALL of the selected subcontractors (both DBE's and non-DBE's) being used on the project. Each Trade listed on this sheet should have a completed Table B: Subcontract Solicitation List showing the DBE firms contacted and given opportunities to bid.

| Company Name (list prime first then subs) | Company Address and Phone                                   | Trade (Above) and Price (Below) | MBE or WBE and certifying agency if applicable | (State use only) Listed in EPLS as Debarred? |
|-------------------------------------------|-------------------------------------------------------------|---------------------------------|------------------------------------------------|----------------------------------------------|
| SMITH-ROWE, LLC                           | 639 OLD US.52 SOUTH<br>MOUNT ALEX, NC 27030<br>336-789-8221 | PRIME                           |                                                |                                              |
|                                           |                                                             | \$ 198,312.96                   |                                                |                                              |
|                                           |                                                             | \$                              |                                                |                                              |
|                                           |                                                             | \$                              |                                                |                                              |
|                                           |                                                             | \$                              |                                                |                                              |

Calculate M/WBE utilization as a percent (00.00%) of the prime contract. Limited to 100% even if the Prime is a DBE.

|                        |               |       |
|------------------------|---------------|-------|
| MBE and WBE subs total | \$            |       |
| Prime Contract Price   | \$ 198,312.96 | 100 % |

Note: Table A substitutes for both the State of NC "Identification of Minority Participation" form and EPA Form 6100-4.

## Table B: Subcontract Solicitation List

Table B is required if:

- 1) Project is Federally funded (SRF) OR;
- 2) Project is a State Reserve Project or State Emergency Loan (SRP or SEL) and Utilization % on Table A is less than 10%
- 3)

**Trade:** \_\_\_\_\_ (enter the trade being solicited, paving, hauling etc.)

**List the firm being used on the project first. If three MBE or WBE firms are not listed, additional information must be provided showing advertisements and/or sources used to identify MBE/WBE subs.**

**Use as many of these sheets as are necessary to cover every trade being subbed out.**

| Company Name | Company Address and Phone | MBE or WBE and certifying agency if applicable. | How was this firm contacted (email, letter, phone) and what was the result of the solicitation?* |
|--------------|---------------------------|-------------------------------------------------|--------------------------------------------------------------------------------------------------|
|              |                           |                                                 |                                                                                                  |
|              |                           |                                                 |                                                                                                  |
|              |                           |                                                 |                                                                                                  |
|              |                           |                                                 |                                                                                                  |

\*Must submit copies of emails or letters. If phone calls were made this sheet can serve as documentation of calls.

# MBE/WBE (DBE) – Change or Add a Subcontractor Form

According to EPA guidance on 40 CFR 33.302

*If a DBE subcontractor fails to complete work under the subcontract for any reason, the recipient must require the prime contractor to employ the six good faith efforts described in §33.301 if soliciting a replacement subcontractor.*

Please provide the information below if the subcontracted work in question was included in previously submitted good faith efforts documentation:

|                                                                                                                          |
|--------------------------------------------------------------------------------------------------------------------------|
| Prime Contractor:                                                                                                        |
| Subcontracted work:                                                                                                      |
| Previous Subcontractor:                                                                                                  |
| Reason this firm did not complete the work:                                                                              |
| New subcontractor and DBE status: <input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> N/A |

If this is a new trade being subcontracted, or was not documented in the original Project Bid Information submittal to the State then good faith efforts to solicit a DBE firm must be documented. As the original DBE instructions indicate, please provide a Table B from those original instructions, showing all the DBE firms contacted to perform this work. If three (3) firms are not listed on Table B, then additionally you must submit proof of an advertisement in a minority trade paper and evidence that there were not three reasonably available firms in the work area. The EPA provides in 33.301(a) that good faith efforts are to be carried out "...to the fullest extent practicable...". If solicitations were not carried out due to being impracticable, please attach this explanation to this form.

**Please follow the steps below for new subcontracted work:**

|                                                                                                                                     |
|-------------------------------------------------------------------------------------------------------------------------------------|
| Indicate the new trade being subcontracted:                                                                                         |
| Indicate the firm being used and DBE status: <input type="checkbox"/> MBE <input type="checkbox"/> WBE <input type="checkbox"/> N/A |
| Attach Table B                                                                                                                      |

|                                                                                                |
|------------------------------------------------------------------------------------------------|
| (For State Use) Is this sub debarred? <input type="checkbox"/> Yes <input type="checkbox"/> No |
|------------------------------------------------------------------------------------------------|

\_\_\_\_\_  
Project Owner/Applicant:

\_\_\_\_\_  
Project Number:

\_\_\_\_\_  
Signature of Prime Contractor's Representative

FORM OF BID BOND

KNOW ALL MEN BY THESE PRESENTS THAT \_\_\_\_\_

Smith-Rowe, LLC \_\_\_\_\_ as principal, and Travelers Casualty and Surety Company of America \_\_\_\_\_, as surety, who is duly licensed to act as surety in North Carolina, are held and firmly bound unto Town of Pilot Mountain \_\_\_\_\_ as obligee, in the penal sum of Five Percent of Amount Bid 5% DOLLARS, lawful money of the United States of America, for the payment of which, well and truly to be made, we bind ourselves, our heirs, executors, administrators, successors and assigns, jointly and severally, firmly by these presents.

Signed, sealed and dated this 21st day of October, 2020

WHEREAS, the said principal is herewith submitting proposal for

FY 2020 Simmons St. and Sunset Drive Water Line Replacement \_\_\_\_\_ and the principal desires to file this bid bond in lieu of making the cash deposit as required by G.S. 143-129.

NOW, THEREFORE, THE CONDITION OF THE ABOVE OBLIGATION is such, that if the principal shall be awarded the contract for which the bid is submitted and shall execute the contract and give bond for the faithful performance thereof within ten days after the award of same to the principal, then this obligation shall be null and void; but if the principal fails to so execute such contract and give performance bond as required by G.S. 143-129, the surety shall, upon demand, forthwith pay to the obligee the amount set forth in the first paragraph hereof. Provided further, that the bid may be withdrawn as provided by G.S. 143-129.1

Smith-Rowe, LLC \_\_\_\_\_ (SEAL)

By: [Signature] \_\_\_\_\_ (SEAL)

\_\_\_\_\_ (SEAL)

Travelers Casualty and Surety Company of America \_\_\_\_\_ (SEAL)

By: [Signature] \_\_\_\_\_ (SEAL)  
Catherine Thompson, Attorney-in-Fact





**Travelers Casualty and Surety Company of America**  
**Travelers Casualty and Surety Company**  
**St. Paul Fire and Marine Insurance Company**  
**Farmington Casualty Company**

**POWER OF ATTORNEY**

**KNOW ALL MEN BY THESE PRESENTS:** That Travelers Casualty and Surety Company of America, Travelers Casualty and Surety Company, St. Paul Fire and Marine Insurance Company, and Farmington Casualty Company are corporations duly organized under the laws of the State of Connecticut (herein collectively called the "Companies"), and that the Companies do hereby make, constitute and appoint Catherine Thompson of **Charlotte, NC**, their true and lawful Attorney-in-Fact to sign, execute, seal and acknowledge any and all bonds, recognizances, conditional undertakings and other writings obligatory in the nature thereof on behalf of the Companies in their business of guaranteeing the fidelity of persons, guaranteeing the performance of contracts and executing or guaranteeing bonds and undertakings required or permitted in any actions or proceedings allowed by law, including the following bond:

**Surety Bond No.:** Bid Bond  
**OR**

**Principal:** Smith-Rowe, LLC  
**Obligee:** Town of Pilot Mountain

**Project Description:** FY 2020 Simmons St. and Sunset Drive Water Line Replacement

**IN WITNESS WHEREOF,** the Companies have caused this instrument to be signed, and their corporate seals to be hereto affixed, this **6th** day of **May, 2019.**



State of Connecticut

By:   
 Robert L. Raney, Senior Vice President

City of Hartford ss.

On this the **6th** day of **May, 2019**, before me personally appeared **Robert L. Raney**, who acknowledged himself to be the Senior Vice President of each of the Companies, and that he, as such, being authorized so to do, executed the foregoing instrument for the purposes therein contained by signing on behalf of said Companies by himself as a duly authorized officer.

**IN WITNESS WHEREOF,** I hereunto set my hand and official seal.

My Commission expires the **30th** day of **June, 2021**



  
 Anna P. Nowik, Notary Public

This Power of Attorney is granted under and by the authority of the following resolutions adopted by the Boards of Directors of each of the Companies, which resolutions are now in full force and effect, reading as follows:

**RESOLVED,** that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President, any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary may appoint Attorneys-in-Fact and Agents to act for and on behalf of the Company and may give such appointee such authority as his or her certificate of authority may prescribe to sign with the Company's name and seal with the Company's seal bonds, recognizances, contracts of indemnity, and other writings obligatory in the nature of a bond, recognizance, or conditional undertaking, and any of said officers or the Board of Directors at any time may remove any such appointee and revoke the power given him or her; and it is

**FURTHER RESOLVED,** that the Chairman, the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President may delegate all or any part of the foregoing authority to one or more officers or employees of this Company, provided that each such delegation is in writing and a copy thereof is filed in the office of the Secretary; and it is

**FURTHER RESOLVED,** that any bond, recognizance, contract of indemnity, or writing obligatory in the nature of a bond, recognizance, or conditional undertaking shall be valid and binding upon the Company when (a) signed by the President, any Vice Chairman, any Executive Vice President, any Senior Vice President or any Vice President, any Second Vice President, the Treasurer, any Assistant Treasurer, the Corporate Secretary or any Assistant Secretary and duly attested and sealed with the Company's seal by a Secretary or Assistant Secretary; or (b) duly executed (under seal, if required) by one or more Attorneys-in-Fact and Agents pursuant to the power prescribed in his or her certificate or their certificates of authority or by one or more Company officers pursuant to a written delegation of authority; and it is

**FURTHER RESOLVED,** that the signature of each of the following officers: President, any Executive Vice President, any Senior Vice President, any Vice President, any Assistant Vice President, any Secretary, any Assistant Secretary, and the seal of the Company may be affixed by facsimile to any Power of Attorney or to any certificate relating thereto appointing Resident Vice Presidents, Resident Assistant Secretaries or Attorneys-in-Fact for purposes only of executing and attesting bonds and undertakings and other writings obligatory in the nature thereof, and any such Power of Attorney or certificate bearing such facsimile signature or facsimile seal shall be valid and binding upon the Company and any such power so executed and certified by such facsimile signature and facsimile seal shall be valid and binding on the Company in the future with respect to any bond or understanding to which it is attached.

I, **Kevin E. Hughes**, the undersigned, Assistant Secretary of each of the Companies, do hereby certify that the above and foregoing is a true and correct copy of the Power of Attorney executed by said Companies, which remains in full force and effect.

Dated this **21st** day of **October, 2020.**



  
 Kevin E. Hughes, Assistant Secretary

**To verify the authenticity of this Power of Attorney, please call us at 1-800-421-3880.**  
**Please refer to the above-named Attorney-in-Fact and the details of the bond to which this Power of Attorney is attached.**

STATE OF NORTH CAROLINA  
COUNTY OF SURRY

TOWN OF PILOT MOUNTAIN  
Resolution 2020-15

**RESOLUTION OF TENTATIVE AWARD**

**WHEREAS**, the Town of Pilot Mountain, North Carolina has received bids, pursuant to duly advertisement notice therefore, for construction of the Simmons & Sunset Water Line Project, and

**WHEREAS**, the WithersRavenel Consulting Engineers have reviewed the bids; and

**WHEREAS**, Smith-Rowe, LLC was the lowest bidder for the project, in the total bid amount of \$198,372.76, and

**WHEREAS**, the consulting Engineers recommend **TENTATIVE AWARD** to the lowest bidder(s).

**NOW, THERE FORE, BE IT RESOLVED** that **TENTATIVE AWARD** is made to the lowest bidder(s) in the Total Bid Amount of \$198,372.76.

| <b>Name of Contractor</b> | <b>Amount</b> |
|---------------------------|---------------|
| 1. Smith-Rowe, LLC        | \$198,372.76  |

**BE IT FURTHER RESOLVED** that such **TENTATIVE AWARD** be contingent upon the approval of the North Carolina Department of Environmental Quality.

Upon motion of \_\_\_\_\_, seconded by \_\_\_\_\_, the above

**RESOLUTION** was unanimously adopted.

This is 23<sup>rd</sup> day of November, 2020.

\_\_\_\_\_  
Evan J. Cockerham, Mayor

(Seal)

**Attest:**

\_\_\_\_\_  
Holly Utt, Town Clerk



TOWN OF PILOT MOUNTAIN  
BOARD OF COMMISSIONERS MEETING

|                                                                                                                                                        |                      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------|
| Finance Update                                                                                                                                         |                      |
| <b><u>Background Information:</u></b>                                                                                                                  |                      |
| We will review the current status of the Town's financial position.                                                                                    |                      |
| <b><u>Staff Recommendation:</u></b>                                                                                                                    | For Information Only |
| <b><u>Possible Board of Commissioner Actions</u></b>                                                                                                   |                      |
| <ul style="list-style-type: none"><li>• Take no action</li></ul>                                                                                       |                      |
| <b><u>Attachments</u></b>                                                                                                                              |                      |
| <ul style="list-style-type: none"><li>• Finances At A Glance Worksheet</li><li>• Budget V Actual Report</li><li>• Draft Financial Statements</li></ul> |                      |



# TOWN OF PILOT MOUNTAIN

Monthly Financial Dashboard  
FISCAL YEAR ENDING June 30, 2021

Reporting Period: October 1-October 31 2020

| OUR CASH AND INVESTMENTS                      |                     |                     |  |
|-----------------------------------------------|---------------------|---------------------|--|
| Balances on October 31 2020, in whole dollars |                     |                     |  |
| CASH & INVESTMENTS BY FUND                    |                     |                     |  |
| GENERAL FUND                                  |                     |                     |  |
|                                               | October 2019        | October 2020        |  |
| Central Depository                            | \$ 590,901          | \$ 540,387          |  |
| NCCMT                                         | 2,304               | 96,337              |  |
| NCCMT-Powell Bill                             | 706                 | 711                 |  |
| NCCMT-Term Account                            | 35,326              | 21                  |  |
| Police Drug Forfeiture                        | 2,195               | 2,196               |  |
| Centura Bank CD                               | 25,031              | 25,031              |  |
| Fiduciary Funds                               | 55,210              | 15,473              |  |
| <b>TOTAL GENERAL FUND</b>                     | <b>\$ 711,673</b>   | <b>\$ 680,155</b>   |  |
| OTHER FUNDS                                   |                     |                     |  |
|                                               | October 2019        | October 2020        |  |
| Water & Sewer Fund                            | \$ (1,283)          | \$ 60,111           |  |
| NCCMT-Water/Sewer                             | \$ 3,633            | \$ 4,405            |  |
| Water & Sewer AIA                             | \$ (22,108)         | \$ (819)            |  |
| Interconnection CP                            | \$ -                | \$ 7,000            |  |
| WWTP Upgrade                                  | \$ (10,800)         | \$ (58,029)         |  |
| Lola Lane CP                                  | \$ 3,286            | \$ 0                |  |
| Water Treatment Upgrade                       | (\$252,578)         | (\$318,572)         |  |
| Streetscape Project                           | \$10,438            | (\$34)              |  |
| Sunset Sewer Project                          | (\$243,360)         | \$53,490            |  |
| Street Resurfacing                            | \$12,951            | \$6,019             |  |
| Capital Reserve                               | \$ 27,375           | \$ 75,758           |  |
| <b>TOTAL OTHER FUNDS</b>                      | <b>\$ (472,444)</b> | <b>\$ (170,670)</b> |  |
| TOTAL CASH & INVESTMENTS TOWN-WIDE            |                     |                     |  |
|                                               | October 2019        | October 2020        |  |
| ALL FUNDS                                     | \$ 239,230          | \$ 509,484          |  |

| OUR CASH FLOWS...                    |            |                      |                     |
|--------------------------------------|------------|----------------------|---------------------|
|                                      |            | Comparison of FYTD % |                     |
| GENERAL FUND REVENUES & EXPENDITURES |            | Prior FYTD %         | Current FYTD %      |
| <b>Fiscal Year Budget</b>            |            | <b>\$ 1,892,090</b>  | <b>\$ 1,754,560</b> |
| Revenues Fiscal Year to Date         |            | 46.00%               | 47.00%              |
| Expenses Fiscal Year to Date         |            | 40.05%               | 35.17%              |
| WATER & SEWER ENTERPRISE FUND        |            |                      |                     |
| <b>Fiscal Year Budget</b>            |            | <b>\$ 906,480</b>    | <b>\$ 986,135</b>   |
| Revenues Fiscal Year to Date         |            | 24.62%               | 32.94%              |
| Expenses Fiscal Year to Date         |            | 25.41%               | 28.26%              |
| WWTP & PUMP STATION REHAB PROJECT    |            |                      |                     |
| <b>Project Budget</b>                |            | <b>N/A</b>           | <b>\$ 1,374,500</b> |
| Revenues Project to Date             | \$ 52,606  | N/A                  | 3.83%               |
| Expenses Project to Date             | \$ 58,029  | N/A                  | 4.22%               |
| Water Treatment Upgrade Project      |            |                      |                     |
| <b>Project Budget</b>                |            | <b>\$ 3,978,000</b>  | <b>\$ 3,978,000</b> |
| Revenues Project to Date             | \$ 306,530 | 0.00%                | 7.71%               |
| Expenses Project to Date             | \$ 327,036 | 4.96%                | 8.22%               |
| Sunset Sewer Rehabilitation Project  |            |                      |                     |
| <b>Project Budget</b>                |            | <b>\$ 2,573,038</b>  | <b>\$ 2,573,038</b> |
| Revenues Project to Date             | \$ 433,556 | 1.72%                | 16.85%              |
| Expenses Project to Date             | \$ 385,108 | 10.27%               | 14.97%              |
| WATER & SEWER AIA PROJECT            |            |                      |                     |
| <b>Project Budget</b>                |            | <b>NA</b>            | <b>\$ 305,000</b>   |
| Revenues Project to Date             | \$ 191,603 | 0%                   | 63%                 |
| Expenses Project to Date             | \$ 162,442 | 0%                   | 53%                 |

## SPECIFIC REVENUE COLLECTIONS AT A GLANCE...

|                                                   | Comparison of FY % |                   |        | Comparison of Monthly Expenses  |                     |                     |            |
|---------------------------------------------------|--------------------|-------------------|--------|---------------------------------|---------------------|---------------------|------------|
|                                                   | Prior FY %         | Current FY %      |        | Fiscal Year                     |                     | YTD Expenses        |            |
| AD VALOREM PROPERTY TAX                           |                    |                   |        | 2021 Budget                     | Prior FY            | Current FY          |            |
| <b>Fiscal Year Budget</b>                         | <b>\$ 847,090</b>  | <b>\$ 867,500</b> |        |                                 |                     |                     |            |
| Revenues this Month                               | \$ 77,808          | 6.20%             | 8.97%  | \$ 69,400                       | \$ 41,563           | \$ 33,457           |            |
| Revenues FYTD                                     | \$ 577,812         | 63.90%            | 66.61% | 272,660                         | 119,392             | 114,737             |            |
| <b>SALES &amp; USE TAX</b>                        |                    |                   |        |                                 |                     |                     |            |
| <b>Fiscal Year Budget</b>                         | <b>\$ 469,790</b>  | <b>\$ 398,600</b> |        |                                 |                     |                     |            |
| Revenues this Month                               | \$ 45,865          | 8.79%             | 11.51% | 41,330                          | 11,852              | 7,053               |            |
| Revenues FYTD                                     | \$ 175,185         | 35.59%            | 43.95% | 107,550                         | 50,055              | 31,934              |            |
| <b>UTILITY FRANCHISE TAX</b>                      |                    |                   |        |                                 |                     |                     |            |
| <b>Fiscal Year Budget</b>                         | <b>\$ 106,020</b>  | <b>\$ 118,140</b> |        |                                 |                     |                     |            |
| Revenues this Month                               | \$ -               | 0.00%             | 0.00%  | 903,258                         | 325,186             | 280,775             |            |
| Revenues FYTD                                     | \$ 22,303          | 23.16%            | 18.88% | 95,230                          | 46,477              | 33,682              |            |
| <b>REFUSE COLLECTION FEES</b>                     |                    |                   |        |                                 |                     |                     |            |
| <b>Fiscal Year Budget</b>                         | <b>\$ 69,840</b>   | <b>\$ 73,010</b>  |        |                                 |                     |                     |            |
| Revenues this Month                               | \$ 6,174           | 9.22%             | 8.46%  | 44,320                          | 3,919               | 24,805              |            |
| Revenues FYTD                                     | \$ 24,681          | 35.11%            | 33.80% | 224,580                         | 85,867              | 75,268              |            |
| <b>SALES &amp; SERVICES</b>                       |                    |                   |        |                                 |                     |                     |            |
| <b>Fiscal Year Budget</b>                         | <b>\$ 23,500</b>   | <b>\$ 81,700</b>  |        |                                 |                     |                     |            |
| Revenues this Month                               | \$ 1,712           | 6.66%             | 2.10%  | 20,340                          | 8,415               | 17,098              |            |
| Revenues FYTD                                     | \$ 9,321           | 49.67%            | 11.41% | 40,340                          | 3,072               | 3,661               |            |
| <b>WATER &amp; SEWER ENTERPRISE FUND REVENUES</b> |                    |                   |        |                                 |                     |                     |            |
| <b>Fiscal Year Budget</b>                         | <b>\$ 906,480</b>  | <b>\$ 986,135</b> |        |                                 |                     |                     |            |
| Revenues this Month                               | \$ 75,241          | 8.66%             | 7.63%  | 65,330                          | 28,819              | 39,883              |            |
| Revenues FYTD                                     | \$ 324,873         | 33.28%            | 32.94% | -                               | 668                 | -                   |            |
|                                                   |                    |                   |        | \$ 1,883,438                    | \$ 725,284          | \$ 662,353          |            |
|                                                   |                    |                   |        | <b>Fiscal Year Budget</b>       | <b>\$ 1,811,040</b> | <b>\$ 1,883,438</b> |            |
|                                                   |                    |                   |        | YTD % of Annual Budget Expended | 40.05%              | 35.17%              |            |
|                                                   |                    |                   |        | WATER & SEWER ENTERPRISE FUND   |                     |                     |            |
|                                                   |                    |                   |        | General                         | \$ 167,190          | \$ 1,749            | \$ 1,399   |
|                                                   |                    |                   |        | Water/Sewer Administration      | 134,790             | 56,301              | 41,084     |
|                                                   |                    |                   |        | Production                      | 165,530             | 66,351              | 89,279     |
|                                                   |                    |                   |        | WWTP                            | 254,790             | 71,562              | 80,598     |
|                                                   |                    |                   |        | Line Maintenance                | 263,835             | 98,866              | 66,349     |
|                                                   |                    |                   |        |                                 | \$ 986,135          | \$ 294,830          | \$ 278,709 |
|                                                   |                    |                   |        | <b>Fiscal Year Budget</b>       | <b>\$ 906,480</b>   | <b>\$ 986,135</b>   |            |
|                                                   |                    |                   |        | YTD % of Annual Budget Expended | 32.52%              | 28.26%              |            |

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| 10 GENERAL                                       |         |      |            |              |         |
|--------------------------------------------------|---------|------|------------|--------------|---------|
| Description                                      | Budget  | MTD  | YTD        | Variance     | Percent |
| <b>Revenues</b>                                  |         |      |            |              |         |
| 10-3010-2004 Prior Year Tax Collection           | 2,500   | 0.00 | 9,851.83   | 7,351.83     | 394%    |
| 10-3010-2005 Ad Valorem Taxes<br>(Current)       | 782,000 | 0.00 | 541,365.85 | (240,634.15) | 69%     |
| 10-3010-9301 Motor Vehicle Tax                   | 78,000  | 0.00 | 32,700.70  | (45,299.30)  | 42%     |
| 10-3170-0000 Tax Penalties & Interest            | 5,000   | 0.00 | 1,363.78   | (3,636.22)   | 27%     |
| 10-3317-0000 Controlled Substance Tax            | 0       | 0.00 | 0.00       | 0.00         |         |
| 10-3319-0000 Police Reports & Fees               | 300     | 0.00 | 50.00      | (250.00)     | 17%     |
| 10-3319-0100 Civil Citations                     | 100     | 0.00 | 0.00       | (100.00)     |         |
| 10-3350-0000 Miscellaneous                       | 1,500   | 0.00 | 3,346.20   | 1,846.20     | 223%    |
| 10-3350-0200 Sale of Fixed<br>Assets/Surplus     | 55,000  | 0.00 | 0.00       | (55,000.00)  |         |
| 10-3350-0300 Downtown Contributions              | 500     | 0.00 | 0.00       | (500.00)     |         |
| 10-3350-0400 Dinner on Main Street               | 7,500   | 0.00 | 0.00       | (7,500.00)   |         |
| 10-3350-0500 Farmer's Market                     | 0       | 0.00 | 0.00       | 0.00         |         |
| 10-3350-0600 Food Truck Festival                 | 2,680   | 0.00 | 0.00       | (2,680.00)   |         |
| 10-3350-0700 Bench Purchase                      | 0       | 0.00 | 0.00       | 0.00         |         |
| 10-3350-0800 Glow Party                          | 5,000   | 0.00 | 0.00       | (5,000.00)   |         |
| 10-3350-0900 Summer Concert                      | 10,000  | 0.00 | 650.00     | (9,350.00)   | 7%      |
| 10-3350-1000 Hometown Heroes                     | 0       | 0.00 | 1,875.00   | 1,875.00     |         |
| 10-3360-0000 Rental/Lease Income                 | 4,200   | 0.00 | 2,800.00   | (1,400.00)   | 67%     |
| 10-3360-0100 Insurance Proceeds                  | 12,476  | 0.00 | 12,226.00  | (250.00)     | 98%     |
| 10-3370-0000 Franchise Tax - Utilities           | 118,140 | 0.00 | 22,303.02  | (95,836.98)  | 19%     |
| 10-3375-0000 Solid Waste Disposal Tax            | 1,000   | 0.00 | 272.66     | (727.34)     | 27%     |
| 10-3380-0000 Sales Tax Hold Harmless             | 0       | 0.00 | 0.00       | 0.00         |         |
| 10-3410-0000 Beer & Wine Tax                     | 6,930   | 0.00 | 136.50     | (6,793.50)   | 2%      |
| <b>Distribution</b>                              |         |      |            |              |         |
| 10-3412-4100 Copies                              | 0       | 0.00 | 0.00       | 0.00         |         |
| 10-3440-0000 Powell Bill Distribution            | 43,420  | 0.00 | 20,650.72  | (22,769.28)  | 48%     |
| 10-3450-0000 Local Option Sales Tax              | 398,600 | 0.00 | 175,185.07 | (223,414.93) | 44%     |
| 10-3455-0000 Sales Tax Refund                    | 0       | 0.00 | 0.00       | 0.00         |         |
| 10-3510-0000 Court Costs Fees &<br>Charges       | 200     | 0.00 | 111.16     | (88.84)      | 56%     |
| 10-3550-0000 Planning/Zoning Fees                | 1,500   | 0.00 | 1,270.00   | (230.00)     | 85%     |
| 10-3590-0000 Solid Waste Fees                    | 73,010  | 0.00 | 29,982.27  | (43,027.73)  | 41%     |
| 10-3610-0000 Cemetery - Sale of Lot              | 6,000   | 0.00 | 2,750.00   | (3,250.00)   | 46%     |
| 10-3650-0300 Facilities Rental                   | 0       | 0.00 | 0.00       | 0.00         |         |
| 10-3690-0000 Encumbered Fund Balance             | 25,744  | 0.00 | 0.00       | (25,744.00)  |         |
| 10-3695-0000 Powell Bill Fund Balance            | 0       | 0.00 | 0.00       | 0.00         |         |
| <b>Appropriated</b>                              |         |      |            |              |         |
| 10-3770-0000 TDA Administrative Fees             | 500     | 0.00 | 322.73     | (177.27)     | 65%     |
| 10-3770-0500 TDA Reimbursements                  | 2,900   | 0.00 | 0.00       | (2,900.00)   |         |
| 10-3770-1000 TDA Project Contributions           | 0       | 0.00 | 0.00       | 0.00         |         |
| 10-3770-2000 County TDA Project<br>Contributions | 0       | 0.00 | 0.00       | 0.00         |         |

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| 10 GENERAL                                             |           |      |            |              |         |  |
|--------------------------------------------------------|-----------|------|------------|--------------|---------|--|
| Description                                            | Budget    | MTD  | YTD        | Variance     | Percent |  |
| 10-3831-4910 Interest on Investment                    | 500       | 0.00 | 0.80       | (499.20)     | 0%      |  |
| 10-3831-4915 Interest on Controlled Substance Tax      | 0         | 0.00 | 0.11       | 0.11         |         |  |
| 10-3831-4916 Interest on Powell Bill Investments       | 20        | 0.00 | 0.09       | (19.91)      | 0%      |  |
| 10-3831-4920 Contributions & Donations                 | 0         | 0.00 | 0.00       | 0.00         |         |  |
| 10-3831-4930 Recreation Allocation                     | 0         | 0.00 | 0.00       | 0.00         |         |  |
| 10-3837-1000 ABC Law Enforcement Contribution          | 2,000     | 0.00 | 0.00       | (2,000.00)   |         |  |
| 10-3837-1100 ABC Store Profit Sharing                  | 90,000    | 0.00 | 0.00       | (90,000.00)  |         |  |
| 10-3837-2000 Law Enforcement Contributions & Donations | 0         | 0.00 | 0.00       | 0.00         |         |  |
| 10-3837-3000 Law Enforcement Grant Reimbursement       | 0         | 0.00 | 0.00       | 0.00         |         |  |
| 10-3837-4000 Grants                                    | 90,658    | 0.00 | 35,383.00  | (55,275.00)  | 39%     |  |
| 10-3838-4950 Reimbursement for Services                | 15,000    | 0.00 | 3,640.89   | (11,359.11)  | 24%     |  |
| 10-3850-0850 Mistletoe Market                          | 2,500     | 0.00 | 0.00       | (2,500.00)   |         |  |
| 10-3900-0100 Loan Proceeds                             | 38,060    | 0.00 | 0.00       | (38,060.00)  |         |  |
| 10-3971-0100 Transfer From 60 Fund                     | 0         | 0.00 | 0.00       | 0.00         |         |  |
| Revenues Totals:                                       | 1,883,438 | 0.00 | 898,238.38 | (985,199.62) | 48%     |  |

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| 10 GENERAL                                    |         |      |           |            |         |
|-----------------------------------------------|---------|------|-----------|------------|---------|
| Description                                   | Budget  | MTD  | YTD       | Variance   | Percent |
| <b>Expenses</b>                               |         |      |           |            |         |
| 10-4110-1000 Board Member Compensation        | 15,600  | 0.00 | 6,250.00  | 9,350.00   | 40%     |
| 10-4110-1810 FICA/Medicare                    | 1,190   | 0.00 | 478.22    | 711.78     | 40%     |
| 10-4110-1850 Group Insurance                  | 830     | 0.00 | 138.60    | 691.40     | 17%     |
| 10-4110-1980 Contracted Services              | 33,010  | 0.00 | 34,927.45 | (1,917.45) | 106%    |
| 10-4110-2600 Office Supplies                  | 250     | 0.00 | 3,764.57  | (3,514.57) | 1506%   |
| 10-4110-2650 Meeting/Event Provisions         | 500     | 0.00 | 0.00      | 500.00     |         |
| 10-4110-3110 Travel                           | 4,750   | 0.00 | 8.00      | 4,742.00   | 0%      |
| 10-4110-3260 Printing                         | 0       | 0.00 | 0.00      | 0.00       |         |
| 10-4110-3700 Legal Advertising                | 500     | 0.00 | 478.49    | 21.51      | 96%     |
| 10-4110-4510 Insurance & Bonding              | 4,630   | 0.00 | 4,630.00  | 0.00       | 100%    |
| 10-4110-4910 Dues & Subscriptions             | 3,750   | 0.00 | 3,139.00  | 611.00     | 84%     |
| 10-4110-9000 Miscellaneous Operating Expense  | 390     | 0.00 | 0.00      | 390.00     |         |
| 10-4110-9910 Contingency                      | 4,000   | 0.00 | 0.00      | 4,000.00   |         |
| 10-4110-9995 Transfer to Water/Sewer Fund     | 0       | 0.00 | 0.00      | 0.00       |         |
| 10-4110-9999 Transfer to Capital Project Fund | 0       | 0.00 | 0.00      | 0.00       |         |
| GOVERNING BODY Totals:                        | 69,400  | 0.00 | 53,814.33 | 15,585.67  | 78%     |
| 10-4120-1210 Salaries                         | 135,060 | 0.00 | 44,897.39 | 90,162.61  | 33%     |
| 10-4120-1220 Overtime Salaries                | 750     | 0.00 | 0.00      | 750.00     |         |
| 10-4120-1230 Intern Salaries                  | 0       | 0.00 | 0.00      | 0.00       |         |
| 10-4120-1280 Incentives & Awards              | 0       | 0.00 | 0.00      | 0.00       |         |
| 10-4120-1810 FICA/Medicare                    | 9,950   | 0.00 | 3,304.11  | 6,645.89   | 33%     |
| 10-4120-1820 Employer Retirement Contribution | 13,040  | 0.00 | 4,289.73  | 8,750.27   | 33%     |
| 10-4120-1825 401(K) Retirement                | 6,370   | 0.00 | 3,240.50  | 3,129.50   | 51%     |
| 10-4120-1850 Group Insurance                  | 15,920  | 0.00 | 8,766.41  | 7,153.59   | 55%     |
| 10-4120-1900 Collection Fees - Motor Vehicles | 3,000   | 0.00 | 1,493.32  | 1,506.68   | 50%     |
| 10-4120-1905 Collection Fees - Property       | 12,700  | 0.00 | 6,532.27  | 6,167.73   | 51%     |
| 10-4120-1910 Professional Services            | 27,190  | 0.00 | 12,603.36 | 14,586.64  | 46%     |
| 10-4120-1980 Contracted Services              | 0       | 0.00 | 1,095.27  | (1,095.27) |         |
| 10-4120-2500 Bank Fees & Service Charges      | 1,900   | 0.00 | 1,151.50  | 748.50     | 61%     |
| 10-4120-2600 Office Supplies                  | 2,530   | 0.00 | 10,974.24 | (8,444.24) | 434%    |
| 10-4120-2610 Departmental Supplies            | 8,500   | 0.00 | 4,969.42  | 3,530.58   | 58%     |
| 10-4120-2650 Meeting/Event Provisions         | 0       | 0.00 | 0.00      | 0.00       |         |
| 10-4120-3110 Travel                           | 7,500   | 0.00 | 1,480.51  | 6,019.49   | 20%     |
| 10-4120-3210 Telephone & Communication        | 2,430   | 0.00 | 706.76    | 1,723.24   | 29%     |
| 10-4120-3250 Postage                          | 950     | 0.00 | 0.00      | 950.00     |         |

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| 10 GENERAL                                                |         |      |            |            |         |  |
|-----------------------------------------------------------|---------|------|------------|------------|---------|--|
| Description                                               | Budget  | MTD  | YTD        | Variance   | Percent |  |
| 10-4120-3260 Printing                                     | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 10-4120-3310 Utilities                                    | 6,350   | 0.00 | 1,911.86   | 4,438.14   | 30%     |  |
| 10-4120-3510 Maintenance & Repair -<br>Facilities/Grounds | 7,000   | 0.00 | 4,096.36   | 2,903.64   | 59%     |  |
| 10-4120-3540 Maintenance & Repair -<br>Equipment          | 750     | 0.00 | 414.00     | 336.00     | 55%     |  |
| 10-4120-3550 Signage                                      | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 10-4120-3700 Advertising                                  | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 10-4120-3950 Training/Continuing<br>Education             | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 10-4120-4510 Insurance & Bonding                          | 8,070   | 0.00 | 8,070.00   | 0.00       | 100%    |  |
| 10-4120-4910 Dues & Subscriptions                         | 2,200   | 0.00 | 2,487.56   | (287.56)   | 113%    |  |
| 10-4120-5000 Unemployment Benefits                        | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 10-4120-7115 Capital Outlay                               | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 10-4120-8000 Capital Outlay                               | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 10-4120-9000 Miscellaneous Operating<br>Expenses          | 500     | 0.00 | 0.00       | 500.00     |         |  |
| ADMINISTRATION Totals:                                    | 272,660 | 0.00 | 122,484.57 | 150,175.43 | 45%     |  |
| 10-4490-1910 Professional Services                        | 14,830  | 0.00 | 2,708.00   | 12,122.00  | 18%     |  |
| 10-4490-1980 Contracted Services                          | 21,000  | 0.00 | 8,751.65   | 12,248.35  | 42%     |  |
| 10-4490-3700 Advertising                                  | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 10-4490-5000 Recreation Allocation                        | 1,500   | 0.00 | 0.00       | 1,500.00   |         |  |
| 10-4490-6990 Economic Development                         | 4,000   | 0.00 | 0.00       | 4,000.00   |         |  |
| 10-4490-9000 Miscellaneous Operating<br>Expenses          | 0       | 0.00 | 51.54      | (51.54)    |         |  |
| COMMUNITY & ECONOMIC Totals:<br>DEVELOPMENT               | 41,330  | 0.00 | 11,511.19  | 29,818.81  | 28%     |  |
| 10-4495-1210 Salaries and Wages                           | 42,360  | 0.00 | 13,888.50  | 28,471.50  | 33%     |  |
| 10-4495-1220 Overtime                                     | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 10-4495-1810 FICA                                         | 3,240   | 0.00 | 1,141.10   | 2,098.90   | 35%     |  |
| 10-4495-1820 State Retirement                             | 3,750   | 0.00 | 1,665.92   | 2,084.08   | 44%     |  |
| 10-4495-1825 401k                                         | 1,830   | 0.00 | 660.06     | 1,169.94   | 36%     |  |
| 10-4495-1850 Health Insurance                             | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 10-4495-1910 Professional Services                        | 5,030   | 0.00 | 1,694.74   | 3,335.26   | 34%     |  |
| 10-4495-1915 Temporary Labor                              | 10,230  | 0.00 | 0.00       | 10,230.00  |         |  |
| 10-4495-2600 Departmental Supplies                        | 3,000   | 0.00 | 5,560.28   | (2,560.28) | 185%    |  |
| 10-4495-3110 Travel & Training                            | 7,500   | 0.00 | 828.74     | 6,671.26   | 11%     |  |
| 10-4495-3210 Telephone &<br>Communications                | 1,340   | 0.00 | 469.47     | 870.53     | 35%     |  |
| 10-4495-4510 Insurance                                    | 4,270   | 0.00 | 4,270.00   | 0.00       | 100%    |  |
| 10-4495-6500 Facade Grant Program                         | 5,000   | 0.00 | 3,799.00   | 1,201.00   | 76%     |  |
| 10-4495-6600 Farmer's Market                              | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 10-4495-6700 Dinner on Main Street<br>Event               | 7,500   | 0.00 | 0.00       | 7,500.00   |         |  |

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| 10 GENERAL                                             |         |      |            |             |         |  |
|--------------------------------------------------------|---------|------|------------|-------------|---------|--|
| Description                                            | Budget  | MTD  | YTD        | Variance    | Percent |  |
| 10-4495-6750 Food Truck Festival                       | 2,500   | 0.00 | 1,649.74   | 850.26      | 66%     |  |
| 10-4495-6755 Special Events                            | 10,000  | 0.00 | 1,726.24   | 8,273.76    | 17%     |  |
| 10-4495-6800 Main Street Benches                       | 0       | 0.00 | 0.00       | 0.00        |         |  |
| 10-4495-7110 Capital Expenditures                      | 0       | 0.00 | 0.00       | 0.00        |         |  |
| 10-4495-9000 Miscellaneous                             | 0       | 0.00 | 0.00       | 0.00        |         |  |
| 10-4495-9999 Transfer to Capital Project               | 0       | 0.00 | 0.00       | 0.00        |         |  |
| DOWNTOWN Totals:                                       | 107,550 | 0.00 | 37,353.79  | 70,196.21   | 35%     |  |
| REVITALIZATION                                         |         |      |            |             |         |  |
| 10-4510-1210 Salaries                                  | 448,957 | 0.00 | 129,363.91 | 319,593.09  | 29%     |  |
| 10-4510-1220 Overtime Salaries                         | 8,960   | 0.00 | 2,536.06   | 6,423.94    | 28%     |  |
| 10-4510-1230 Special Separation Allowance              | 15,060  | 0.00 | 7,193.50   | 7,866.50    | 48%     |  |
| 10-4510-1240 Part Time Salaries                        | 22,500  | 0.00 | 10,560.00  | 11,940.00   | 47%     |  |
| 10-4510-1810 FICA/Medicare                             | 32,070  | 0.00 | 12,159.84  | 19,910.16   | 38%     |  |
| 10-4510-1820 Employer Retirement Contribution          | 40,370  | 0.00 | 13,463.81  | 26,906.19   | 33%     |  |
| 10-4510-1825 401(K) Retirement                         | 18,730  | 0.00 | 8,030.16   | 10,699.84   | 43%     |  |
| 10-4510-1850 Group Insurance                           | 74,560  | 0.00 | 24,732.98  | 49,827.02   | 33%     |  |
| 10-4510-1935 Professional Services - Other             | 1,130   | 0.00 | 435.00     | 695.00      | 38%     |  |
| 10-4510-1980 Contracted Services                       | 18,740  | 0.00 | 6,594.71   | 12,145.29   | 35%     |  |
| 10-4510-2120 Uniforms                                  | 3,250   | 0.00 | 1,242.68   | 2,007.32    | 38%     |  |
| 10-4510-2510 Motor Fuels                               | 18,000  | 0.00 | 7,077.67   | 10,922.33   | 39%     |  |
| 10-4510-2600 Office Supplies                           | 32,075  | 0.00 | 2,286.02   | 29,788.98   | 7%      |  |
| 10-4510-2610 Departmental Supplies                     | 27,500  | 0.00 | 14,161.66  | 13,338.34   | 51%     |  |
| 10-4510-2640 Vehicle Supplies                          | 1,750   | 0.00 | 90.65      | 1,659.35    | 5%      |  |
| 10-4510-3110 Travel                                    | 2,200   | 0.00 | 27.15      | 2,172.85    | 1%      |  |
| 10-4510-3210 Telephone & Communication                 | 8,090   | 0.00 | 3,369.27   | 4,720.73    | 42%     |  |
| 10-4510-3250 Postage                                   | 150     | 0.00 | 6.15       | 143.85      | 4%      |  |
| 10-4510-3260 Printing                                  | 0       | 0.00 | 0.00       | 0.00        |         |  |
| 10-4510-3310 Utilities                                 | 6,250   | 0.00 | 1,911.87   | 4,338.13    | 31%     |  |
| 10-4510-3510 Maintenance & Repair - Facilities/Grounds | 4,250   | 0.00 | 919.25     | 3,330.75    | 22%     |  |
| 10-4510-3530 Maintenance & Repair - Vehicle            | 8,500   | 0.00 | 7,444.68   | 1,055.32    | 88%     |  |
| 10-4510-3540 Maintenance & Repair - Equipment          | 250     | 0.00 | 35,024.00  | (34,774.00) | 14010%  |  |
| 10-4510-3560 K-9 Program                               | 1,250   | 0.00 | 0.00       | 1,250.00    |         |  |
| 10-4510-3570 Community Outreach Program                | 600     | 0.00 | 260.00     | 340.00      | 43%     |  |
| 10-4510-3950 Training/Continuing Education             | 0       | 0.00 | 0.00       | 0.00        |         |  |
| 10-4510-4510 Insurance & Bonding                       | 16,730  | 0.00 | 16,756.00  | (26.00)     | 100%    |  |
| 10-4510-4910 Dues & Subscriptions                      | 800     | 0.00 | 300.00     | 500.00      | 38%     |  |

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| 10 GENERAL                                       |         |      |            |             |         |  |
|--------------------------------------------------|---------|------|------------|-------------|---------|--|
| Description                                      | Budget  | MTD  | YTD        | Variance    | Percent |  |
| 10-4510-6130 Contribution to Rescue              | 12,000  | 0.00 | 0.00       | 12,000.00   |         |  |
| 10-4510-7110 Capital Outlay - Vehicles           | 38,060  | 0.00 | 0.00       | 38,060.00   |         |  |
| 10-4510-7115 Capital Outlay - Equipment          | 38,476  | 0.00 | 0.00       | 38,476.00   |         |  |
| 10-4510-9000 Misc Operating Expenses             | 2,000   | 0.00 | 1,592.51   | 407.49      | 80%     |  |
| PUBLIC SAFETY Totals:                            | 903,258 | 0.00 | 307,539.53 | 595,718.47  | 34%     |  |
| 10-4560-1210 Salaries                            | 9,690   | 0.00 | 2,770.08   | 6,919.92    | 29%     |  |
| 10-4560-1220 Overtime Salaries                   | 290     | 0.00 | 0.00       | 290.00      |         |  |
| 10-4560-1810 FICA/Medicare                       | 760     | 0.00 | 235.48     | 524.52      | 31%     |  |
| 10-4560-1820 Employer Retirement Contribution    | 1,000   | 0.00 | 0.00       | 1,000.00    |         |  |
| 10-4560-1825 401(K) Retirement                   | 490     | 0.00 | 0.00       | 490.00      |         |  |
| 10-4560-1850 Group Insurance                     | 1,520   | 0.00 | 551.96     | 968.04      | 36%     |  |
| 10-4560-1860 Workers Compensation                | 0       | 0.00 | 0.00       | 0.00        |         |  |
| 10-4560-1910 Temporary Labor                     | 24,180  | 0.00 | 12,954.20  | 11,225.80   | 54%     |  |
| 10-4560-1925 Professional Services               | 4,510   | 0.00 | 1,120.28   | 3,389.72    | 25%     |  |
| 10-4560-1980 Contracted Services                 | 0       | 0.00 | 778.78     | (778.78)    |         |  |
| 10-4560-2100 Rental - Building/Equipment         | 1,350   | 0.00 | 0.00       | 1,350.00    |         |  |
| 10-4560-2120 Uniforms                            | 120     | 0.00 | 37.00      | 83.00       | 31%     |  |
| 10-4560-2610 Departmental Supplies               | 5,000   | 0.00 | 2,174.94   | 2,825.06    | 43%     |  |
| 10-4560-3110 Travel                              | 0       | 0.00 | 0.00       | 0.00        |         |  |
| 10-4560-3210 Telephone & Communication           | 610     | 0.00 | 197.22     | 412.78      | 32%     |  |
| 10-4560-3260 Printing                            | 0       | 0.00 | 0.00       | 0.00        |         |  |
| 10-4560-3310 Utilities                           | 36,750  | 0.00 | 11,679.91  | 25,070.09   | 32%     |  |
| 10-4560-3510 Maint & Repair - Facilities/Grounds | 2,500   | 0.00 | 299.56     | 2,200.44    | 12%     |  |
| 10-4560-3530 Maint & Repair - Vehicle            | 1,200   | 0.00 | 218.68     | 981.32      | 18%     |  |
| 10-4560-3540 Maint & Repair - Equipment          | 1,600   | 0.00 | 701.38     | 898.62      | 44%     |  |
| 10-4560-3542 Maint & Repair - Sidewalks          | 0       | 0.00 | 0.00       | 0.00        |         |  |
| 10-4560-3550 Signage                             | 0       | 0.00 | 445.42     | (445.42)    |         |  |
| 10-4560-3950 Training/Continuing Education       | 0       | 0.00 | 0.00       | 0.00        |         |  |
| 10-4560-4510 Insurance & Bonding                 | 3,660   | 0.00 | 3,660.00   | 0.00        | 100%    |  |
| 10-4560-7110 Capital Outlay - Vehicles           | 0       | 0.00 | 0.00       | 0.00        |         |  |
| 10-4560-7115 Capital Outlay - Equipment          | 0       | 0.00 | 0.00       | 0.00        |         |  |
| 10-4560-9000 Miscellaneous Operating Expenses    | 0       | 0.00 | 0.00       | 0.00        |         |  |
| 10-4560-9500 Debt Service                        | 0       | 0.00 | 0.00       | 0.00        |         |  |
| 10-4560-9999 Transfer to Capital Project         | 0       | 0.00 | 0.00       | 0.00        |         |  |
| STREETS Totals:                                  | 95,230  | 0.00 | 37,824.89  | 57,405.11   | 40%     |  |
| 10-4570-1900 Professional Services               | 0       | 0.00 | 26,050.00  | (26,050.00) |         |  |
| 10-4570-2600 Supplies and Materials              | 1,500   | 0.00 | 1,744.42   | (244.42)    | 116%    |  |

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| 10 GENERAL                                             |        |      |           |           |         |  |
|--------------------------------------------------------|--------|------|-----------|-----------|---------|--|
| Description                                            | Budget | MTD  | YTD       | Variance  | Percent |  |
| 10-4570-4510 Insurance                                 | 3,340  | 0.00 | 3,340.00  | 0.00      | 100%    |  |
| 10-4570-7115 Capital Equipment                         | 13,000 | 0.00 | 0.00      | 13,000.00 |         |  |
| 10-4570-7125 Capital Improvements                      | 17,000 | 0.00 | 1,345.50  | 15,654.50 | 8%      |  |
| 10-4570-9999 Transfer to Capital Project               | 8,580  | 0.00 | 0.00      | 8,580.00  |         |  |
| POWELL BILL Totals:                                    | 43,420 | 0.00 | 32,479.92 | 10,940.08 | 75%     |  |
| 10-4580-1210 Salaries                                  | 65,330 | 0.00 | 19,501.45 | 45,828.55 | 30%     |  |
| 10-4580-1220 Overtime Salaries                         | 1,770  | 0.00 | 921.75    | 848.25    | 52%     |  |
| 10-4580-1810 Fica/Medicare                             | 4,730  | 0.00 | 1,644.96  | 3,085.04  | 35%     |  |
| 10-4580-1820 Employer Retirement Contribution          | 6,200  | 0.00 | 1,714.07  | 4,485.93  | 28%     |  |
| 10-4580-1825 401(K) Retirement                         | 3,030  | 0.00 | 517.78    | 2,512.22  | 17%     |  |
| 10-4580-1850 Group Insurance                           | 14,710 | 0.00 | 4,976.42  | 9,733.58  | 34%     |  |
| 10-4580-1910 Temporary Labor                           | 24,180 | 0.00 | 12,804.17 | 11,375.83 | 53%     |  |
| 10-4580-1980 Contracted Services                       | 2,640  | 0.00 | 1,328.02  | 1,311.98  | 50%     |  |
| 10-4580-1990 Contracted Services - Maintenance         | 0      | 0.00 | 0.00      | 0.00      |         |  |
| 10-4580-2005 Contracted Services - Solid Waste         | 70,710 | 0.00 | 36,697.13 | 34,012.87 | 52%     |  |
| 10-4580-2010 Contracted Services - Cemetery            | 0      | 0.00 | 100.00    | (100.00)  |         |  |
| 10-4580-2020 Landfill Charges                          | 250    | 0.00 | 13.63     | 236.37    | 5%      |  |
| 10-4580-2100 Rental - Building/Equipment               | 2,250  | 0.00 | 0.00      | 2,250.00  |         |  |
| 10-4580-2120 Uniforms                                  | 390    | 0.00 | 613.21    | (223.21)  | 157%    |  |
| 10-4580-2510 Motor Fuels                               | 8,750  | 0.00 | 3,081.93  | 5,668.07  | 35%     |  |
| 10-4580-2610 Departmental Supplies                     | 1,500  | 0.00 | 2,411.21  | (911.21)  | 161%    |  |
| 10-4580-2640 Vehicle Supplies                          | 110    | 0.00 | 0.00      | 110.00    |         |  |
| 10-4580-3110 Travel                                    | 0      | 0.00 | 0.00      | 0.00      |         |  |
| 10-4580-3210 Telephone & Communication                 | 610    | 0.00 | 186.93    | 423.07    | 31%     |  |
| 10-4580-3250 Postage                                   | 0      | 0.00 | 0.00      | 0.00      |         |  |
| 10-4580-3310 Utilities                                 | 2,500  | 0.00 | 397.68    | 2,102.32  | 16%     |  |
| 10-4580-3510 Maintenance & Repair - Facilities/Grounds | 1,250  | 0.00 | 626.59    | 623.41    | 50%     |  |
| 10-4580-3530 Maintenance & Repair - Vehicle            | 500    | 0.00 | 128.70    | 371.30    | 26%     |  |
| 10-4580-3540 Maintenance & Repair - Equipment          | 3,230  | 0.00 | 315.13    | 2,914.87  | 10%     |  |
| 10-4580-3950 Training/Continuing Education             | 0      | 0.00 | 0.00      | 0.00      |         |  |
| 10-4580-4510 Insurance                                 | 4,940  | 0.00 | 4,940.00  | 0.00      | 100%    |  |
| 10-4580-4910 Dues & Subscriptions                      | 0      | 0.00 | 0.00      | 0.00      |         |  |
| 10-4580-7110 Capital Outlay - Vehicles                 | 0      | 0.00 | 0.00      | 0.00      |         |  |
| 10-4580-7115 Capital Outlay - Equipment                | 5,000  | 0.00 | 0.00      | 5,000.00  |         |  |
| 10-4580-9000 Miscellaneous Operating                   | 0      | 0.00 | 0.00      | 0.00      |         |  |

## Budget vs Actual

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| 10 GENERAL                                                |           |      |            |              |         |  |
|-----------------------------------------------------------|-----------|------|------------|--------------|---------|--|
| Description                                               | Budget    | MTD  | YTD        | Variance     | Percent |  |
| Expenses                                                  |           |      |            |              |         |  |
| SANITATION Totals:                                        | 224,580   | 0.00 | 92,920.76  | 131,659.24   | 41%     |  |
| 10-4620-1980 Contracted Services                          | 0         | 0.00 | 785.00     | (785.00)     |         |  |
| 10-4620-3310 Utilities                                    | 15,000    | 0.00 | 5,705.78   | 9,294.22     | 38%     |  |
| 10-4620-3510 Maintenance & Repair -<br>Facilities/Grounds | 2,000     | 0.00 | 8,493.27   | (6,493.27)   | 425%    |  |
| 10-4620-3540 Maintenance & Repair -<br>Equipment          | 0         | 0.00 | 209.52     | (209.52)     |         |  |
| 10-4620-4510 Insurance                                    | 3,340     | 0.00 | 3,340.00   | 0.00         | 100%    |  |
| PILOT CENTER Totals:                                      | 20,340    | 0.00 | 18,533.57  | 1,806.43     | 91%     |  |
| 10-4630-3520 Maintenance & Repair -<br>Facilities/Grounds | 2,000     | 0.00 | 16.01      | 1,983.99     | 1%      |  |
| 10-4630-4510 Insurance                                    | 3,340     | 0.00 | 3,340.00   | 0.00         | 100%    |  |
| 10-4630-6100 Contribution to Library                      | 35,000    | 0.00 | 0.00       | 35,000.00    |         |  |
| 10-4630-6200 M&R of Library Building<br>and Equipment     | 0         | 0.00 | 305.00     | (305.00)     |         |  |
| 10-4630-9000 Miscellaneous Operating<br>Expenses          | 0         | 0.00 | 0.00       | 0.00         |         |  |
| LIBRARY Totals:                                           | 40,340    | 0.00 | 3,661.01   | 36,678.99    | 9%      |  |
| 10-9100-1000 Loan Payment-Pilot Center                    | 22,490    | 0.00 | 22,486.82  | 3.18         | 100%    |  |
| 10-9100-1100 Loan<br>Payment-Backhoe/Dump Truck           | 18,320    | 0.00 | 8,586.14   | 9,733.86     | 47%     |  |
| 10-9100-1300 Loan Payment-Truck                           | 8,810     | 0.00 | 8,810.23   | (0.23)       | 100%    |  |
| 10-9100-1400 Loan Payment-2020<br>Tahoes                  | 15,710    | 0.00 | 0.00       | 15,710.00    |         |  |
| DEBT SERVICE Totals:                                      | 65,330    | 0.00 | 39,883.19  | 25,446.81    | 61%     |  |
| Expenses Totals:                                          | 1,883,438 | 0.00 | 758,006.75 | 1,125,431.25 | 40%     |  |

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10 GENERAL Totals:

0.00

140,231.63

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| 60 ENTERPRISE                                   |         |      |            |              |         |  |
|-------------------------------------------------|---------|------|------------|--------------|---------|--|
| Description                                     | Budget  | MTD  | YTD        | Variance     | Percent |  |
| <b>Revenues</b>                                 |         |      |            |              |         |  |
| 60-3290-0000 Interest on Investments            | 0       | 0.00 | 0.00       | 0.00         |         |  |
| 60-3350-0000 Miscellaneous Income               | 300     | 0.00 | 0.00       | (300.00)     |         |  |
| 60-3350-0001 Sale of Fixed Assets               | 50,000  | 0.00 | 0.00       | (50,000.00)  |         |  |
| 60-3360-0000 Insurance Proceeds                 | 37,475  | 0.00 | 37,475.00  | 0.00         | 100%    |  |
| 60-3361-0000 Bad Debts                          | 0       | 0.00 | 45.40      | 45.40        |         |  |
| 60-3710-0000 Charges - Utilities/Water          | 505,000 | 0.00 | 203,799.08 | (301,200.92) | 40%     |  |
| 60-3710-0100 Charges - Utilities/Sewer          | 364,000 | 0.00 | 142,179.58 | (221,820.42) | 39%     |  |
| 60-3710-0500 Returned Check Fee                 | 560     | 0.00 | 150.00     | (410.00)     | 27%     |  |
| 60-3710-0600 Service Initiation Fee             | 1,800   | 0.00 | 912.50     | (887.50)     | 51%     |  |
| 60-3710-5100 Bulk Sale of Water                 | 2,000   | 0.00 | 229.00     | (1,771.00)   | 11%     |  |
| 60-3720-0000 Late Fee                           | 15,000  | 0.00 | 2,991.34   | (12,008.66)  | 20%     |  |
| 60-3730-0000 Tap/Connection Fees                | 0       | 0.00 | 0.00       | 0.00         |         |  |
| 60-3750-0000 Delinquent Fees                    | 10,000  | 0.00 | 600.00     | (9,400.00)   | 6%      |  |
| 60-3890-9995 Transfer from General Fund         | 0       | 0.00 | 0.00       | 0.00         |         |  |
| 60-3890-9996 Transfer from Capital Reserve Fund | 0       | 0.00 | 0.00       | 0.00         |         |  |
| 60-3900-0100 Loan Proceeds                      | 0       | 0.00 | 0.00       | 0.00         |         |  |
| 60-3990-0000 Encumbered Fund Balance            | 0       | 0.00 | 0.00       | 0.00         |         |  |
| Revenues Totals:                                | 986,135 | 0.00 | 388,381.90 | (597,753.10) | 39%     |  |

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| 60 ENTERPRISE                                     |         |      |            |            |         |  |
|---------------------------------------------------|---------|------|------------|------------|---------|--|
| Description                                       | Budget  | MTD  | YTD        | Variance   | Percent |  |
| <b>Expenses</b>                                   |         |      |            |            |         |  |
| 60-7000-1000 Loan Payment-Backhoe/Dump Truck      | 18,320  | 0.00 | 0.00       | 18,320.00  |         |  |
| 60-7000-1100 Loan Payment-Truck                   | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 60-7000-1200 Loan Payment-Effluent Pump Station   | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 60-7000-1300 Loan Payment-W/S GO Bonds            | 18,900  | 0.00 | 0.00       | 18,900.00  |         |  |
| 60-7000-1400 Loan Payment-Water Lines & Plant     | 30,010  | 0.00 | 1,398.81   | 28,611.19  | 5%      |  |
| 60-7000-1500 Water Meters                         | 54,790  | 0.00 | 0.00       | 54,790.00  |         |  |
| 60-7000-1600 Tractor                              | 8,950   | 0.00 | 0.00       | 8,950.00   |         |  |
| 60-7000-5000 Unemployment Expense                 | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 60-7000-9910 Contingency                          | 36,220  | 0.00 | 0.00       | 36,220.00  |         |  |
| 60-7000-9995 Contribution to Capital Reserve Fund | 0       | 0.00 | 0.00       | 0.00       |         |  |
| GENERAL Totals:                                   | 167,190 | 0.00 | 1,398.81   | 165,791.19 | 1%      |  |
| 60-7700-1210 Salaries                             | 66,030  | 0.00 | 23,147.75  | 42,882.25  | 35%     |  |
| 60-7700-1220 Overtime Expense                     | 1,040   | 0.00 | 0.00       | 1,040.00   |         |  |
| 60-7700-1810 FICA & Other Employment Tax          | 5,080   | 0.00 | 1,923.00   | 3,157.00   | 38%     |  |
| 60-7700-1820 State Retirement                     | 6,660   | 0.00 | 1,931.90   | 4,728.10   | 29%     |  |
| 60-7700-1825 401k Contribution                    | 3,250   | 0.00 | 537.00     | 2,713.00   | 17%     |  |
| 60-7700-1850 Group Health Insurance               | 10,700  | 0.00 | 2,750.20   | 7,949.80   | 26%     |  |
| 60-7700-1980 Professional Services                | 28,740  | 0.00 | 6,379.99   | 22,360.01  | 22%     |  |
| 60-7700-2500 Bank Fees/Service Charges            | 2,150   | 0.00 | 1,616.38   | 533.62     | 75%     |  |
| 60-7700-2600 Supplies and Materials               | 910     | 0.00 | 728.81     | 181.19     | 80%     |  |
| 60-7700-3210 Telephone                            | 990     | 0.00 | 139.90     | 850.10     | 14%     |  |
| 60-7700-3250 Postage                              | 4,900   | 0.00 | 2,150.14   | 2,749.86   | 44%     |  |
| 60-7700-3310 Travel & Training                    | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 60-7700-3510 M&R-Buildings & Grounds              | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 60-7700-3520 M&R-Equipment                        | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 60-7700-4510 Insurance                            | 4,340   | 0.00 | 4,340.00   | 0.00       | 100%    |  |
| 60-7700-7715 Capital Equipment                    | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 60-7700-9999 Pension Expense                      | 0       | 0.00 | 0.00       | 0.00       |         |  |
| WATER ADMINISTRATION Totals:                      | 134,790 | 0.00 | 45,645.07  | 89,144.93  | 34%     |  |
| 60-7810-1200 Pension expense/revenue              | 0       | 0.00 | (1,767.20) | 1,767.20   |         |  |
| 60-7810-1210 Salaries                             | 50,530  | 0.00 | 18,058.58  | 32,471.42  | 36%     |  |
| 60-7810-1220 Overtime Salaries                    | 1,380   | 0.00 | 1,673.57   | (293.57)   | 121%    |  |
| 60-7810-1810 Fica/Medicare                        | 3,870   | 0.00 | 1,491.88   | 2,378.12   | 39%     |  |
| 60-7810-1820 Employer Retirement Contribution     | 2,240   | 0.00 | 1,700.28   | 539.72     | 76%     |  |
| 60-7810-1825 401(K) Retirement                    | 1,100   | 0.00 | 986.60     | 113.40     | 90%     |  |

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| 60 ENTERPRISE                                          |                |             |                  |                  |            |  |
|--------------------------------------------------------|----------------|-------------|------------------|------------------|------------|--|
| Description                                            | Budget         | MTD         | YTD              | Variance         | Percent    |  |
| 60-7810-1850 Group Insurance                           | 7,580          | 0.00        | 2,740.72         | 4,839.28         | 36%        |  |
| 60-7810-1920 Professional Services                     | 0              | 0.00        | 0.00             | 0.00             |            |  |
| 60-7810-1930 Lab Testing                               | 6,900          | 0.00        | 2,138.00         | 4,762.00         | 31%        |  |
| 60-7810-1980 Contracted Services                       | 5,570          | 0.00        | 15,528.52        | (9,958.52)       | 279%       |  |
| 60-7810-2050 Treatment Chemicals                       | 8,800          | 0.00        | 8,367.15         | 432.85           | 95%        |  |
| 60-7810-2120 Uniforms                                  | 450            | 0.00        | 109.16           | 340.84           | 24%        |  |
| 60-7810-2510 Motor Fuels                               | 0              | 0.00        | 0.00             | 0.00             |            |  |
| 60-7810-2610 Departmental Supplies                     | 1,000          | 0.00        | 113.81           | 886.19           | 11%        |  |
| 60-7810-2640 Vehicle Supplies                          | 0              | 0.00        | 0.00             | 0.00             |            |  |
| 60-7810-3110 Travel                                    | 500            | 0.00        | 0.00             | 500.00           |            |  |
| 60-7810-3210 Telephone & Communication                 | 2,370          | 0.00        | 1,251.37         | 1,118.63         | 53%        |  |
| 60-7810-3250 Postage                                   | 0              | 0.00        | 0.00             | 0.00             |            |  |
| 60-7810-3260 Printing                                  | 0              | 0.00        | 0.00             | 0.00             |            |  |
| 60-7810-3310 Utilities                                 | 40,000         | 0.00        | 12,578.08        | 27,421.92        | 31%        |  |
| 60-7810-3510 Maintenance & Repair - Facilities/Grounds | 3,500          | 0.00        | 0.00             | 3,500.00         |            |  |
| 60-7810-3530 Maintenance & Repair - Vehicle            | 0              | 0.00        | 0.00             | 0.00             |            |  |
| 60-7810-3545 Maintenance & Repair - System             | 22,000         | 0.00        | 3,500.29         | 18,499.71        | 16%        |  |
| 60-7810-3950 Training/Continuing Education             | 0              | 0.00        | 0.00             | 0.00             |            |  |
| 60-7810-4510 Insurance & Bonding                       | 5,790          | 0.00        | 5,790.00         | 0.00             | 100%       |  |
| 60-7810-4910 Dues & Subscriptions                      | 950            | 0.00        | 212.50           | 737.50           | 22%        |  |
| 60-7810-4920 Operating License & Permits               | 1,000          | 0.00        | 1,700.00         | (700.00)         | 170%       |  |
| 60-7810-4930 Penalties/Fines                           | 0              | 0.00        | 0.00             | 0.00             |            |  |
| 60-7810-7105 Capital Outlay - Buildings                | 0              | 0.00        | 10,811.25        | (10,811.25)      |            |  |
| 60-7810-7110 Capital Outlay - Vehicles                 | 0              | 0.00        | 0.00             | 0.00             |            |  |
| 60-7810-7115 Capital Outlay - Equipment                | 0              | 0.00        | 0.00             | 0.00             |            |  |
| 60-7810-9000 Miscellaneous Operating Expenses          | 0              | 0.00        | 0.00             | 0.00             |            |  |
| 60-7810-9999 Transfer to Capital Project               | 0              | 0.00        | 0.00             | 0.00             |            |  |
| <b>PRODUCTION Totals:</b>                              | <b>165,530</b> | <b>0.00</b> | <b>86,984.56</b> | <b>78,545.44</b> | <b>53%</b> |  |
| 60-7815-1920 Professional Services                     | 0              | 0.00        | 0.00             | 0.00             |            |  |
| 60-7815-1930 Professional Services - Lab Testing       | 9,750          | 0.00        | 5,453.00         | 4,297.00         | 56%        |  |
| 60-7815-1980 Contracted Services                       | 128,690        | 0.00        | 40,022.46        | 88,667.54        | 31%        |  |
| 60-7815-2050 Treatment Chemicals                       | 5,800          | 0.00        | 3,271.13         | 2,528.87         | 56%        |  |
| 60-7815-2120 Uniforms                                  | 0              | 0.00        | 0.00             | 0.00             |            |  |
| 60-7815-2510 Motor Fuels                               | 2,100          | 0.00        | 466.88           | 1,633.12         | 22%        |  |
| 60-7815-2610 Departmental Supplies                     | 1,200          | 0.00        | 125.73           | 1,074.27         | 10%        |  |
| 60-7815-2640 Vehicle Supplies                          | 500            | 0.00        | 0.00             | 500.00           |            |  |
| 60-7815-3110 Travel                                    | 500            | 0.00        | 153.98           | 346.02           | 31%        |  |

## Budget vs Actual

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Period Ending 6/30/2021

| 60 ENTERPRISE                                          |         |      |           |            |         |  |
|--------------------------------------------------------|---------|------|-----------|------------|---------|--|
| Description                                            | Budget  | MTD  | YTD       | Variance   | Percent |  |
| 60-7815-3210 Telephone & Communications                | 2,910   | 0.00 | 958.82    | 1,951.18   | 33%     |  |
| 60-7815-3250 Postage                                   | 0       | 0.00 | 0.00      | 0.00       |         |  |
| 60-7815-3260 Printing                                  | 0       | 0.00 | 0.00      | 0.00       |         |  |
| 60-7815-3310 Utilities                                 | 72,000  | 0.00 | 26,072.00 | 45,928.00  | 36%     |  |
| 60-7815-3510 Maintenance & Repair - Grounds/Facilities | 2,000   | 0.00 | 60.00     | 1,940.00   | 3%      |  |
| 60-7815-3530 Maintenance & Repair - Vehicle            | 1,500   | 0.00 | 0.00      | 1,500.00   |         |  |
| 60-7815-3540 Maintenance & Repair - Equipment          | 0       | 0.00 | 726.26    | (726.26)   |         |  |
| 60-7815-3545 Maintenance & Repair - System             | 20,000  | 0.00 | 8,282.15  | 11,717.85  | 41%     |  |
| 60-7815-3700 Advertising                               | 0       | 0.00 | 0.00      | 0.00       |         |  |
| 60-7815-3950 Training/Continuing Education             | 0       | 0.00 | 0.00      | 0.00       |         |  |
| 60-7815-4510 Insurance & Bonding                       | 3,340   | 0.00 | 3,340.00  | 0.00       | 100%    |  |
| 60-7815-4910 Dues & Subscriptions                      | 300     | 0.00 | 212.50    | 87.50      | 71%     |  |
| 60-7815-4920 Operating License & Permits               | 4,200   | 0.00 | 4,063.88  | 136.12     | 97%     |  |
| 60-7815-4930 Penalties/Fines                           | 0       | 0.00 | 0.00      | 0.00       |         |  |
| 60-7815-7110 Capital Outlay - Vehicles                 | 0       | 0.00 | 0.00      | 0.00       |         |  |
| 60-7815-7115 Capital Outlay - Equipment                | 0       | 0.00 | 0.00      | 0.00       |         |  |
| 60-7815-9000 Miscellaneous Operating Expenses          | 0       | 0.00 | 0.00      | 0.00       |         |  |
| 60-7815-9601 Debt Service - Interest                   | 0       | 0.00 | 0.00      | 0.00       |         |  |
| WWTP Totals:                                           | 254,790 | 0.00 | 93,208.79 | 161,581.21 | 37%     |  |
| 60-7820-1210 Salaries                                  | 32,040  | 0.00 | 9,409.35  | 22,630.65  | 29%     |  |
| 60-7820-1220 Overtime Expense                          | 370     | 0.00 | 262.46    | 107.54     | 71%     |  |
| 60-7820-1810 FICA                                      | 2,520   | 0.00 | 812.49    | 1,707.51   | 32%     |  |
| 60-7820-1820 State Retirement                          | 3,300   | 0.00 | 956.78    | 2,343.22   | 29%     |  |
| 60-7820-1825 401k Contribution                         | 1,610   | 0.00 | 557.64    | 1,052.36   | 35%     |  |
| 60-7820-1850 Group Health Insurance                    | 6,330   | 0.00 | 2,370.65  | 3,959.35   | 37%     |  |
| 60-7820-1910 Professional Services                     | 0       | 0.00 | 0.00      | 0.00       |         |  |
| 60-7820-1920 Temporary Labor                           | 24,180  | 0.00 | 0.00      | 24,180.00  |         |  |
| 60-7820-1980 Contracted Services                       | 44,100  | 0.00 | 2,544.11  | 41,555.89  | 6%      |  |
| 60-7820-1990 Tank Maintenance                          | 48,330  | 0.00 | 24,163.00 | 24,167.00  | 50%     |  |
| 60-7820-2100 Equipment Rental                          | 4,200   | 0.00 | 0.00      | 4,200.00   |         |  |
| 60-7820-2110 Uniforms                                  | 1,430   | 0.00 | 218.29    | 1,211.71   | 15%     |  |
| 60-7820-2510 Motor Fuels                               | 3,000   | 0.00 | 1,160.09  | 1,839.91   | 39%     |  |
| 60-7820-2600 Supplies & Materials                      | 10,000  | 0.00 | 2,960.95  | 7,039.05   | 30%     |  |
| 60-7820-2640 Vehicle Supplies                          | 750     | 0.00 | 0.00      | 750.00     |         |  |
| 60-7820-3110 Travel/Training                           | 1,000   | 0.00 | 0.00      | 1,000.00   |         |  |
| 60-7820-3210 Telephone                                 | 660     | 0.00 | 457.10    | 202.90     | 69%     |  |
| 60-7820-3310 Utilities                                 | 0       | 0.00 | 150.00    | (150.00)   |         |  |

## Budget vs Actual

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| 60 ENTERPRISE                         |         |      |            |            |         |  |
|---------------------------------------|---------|------|------------|------------|---------|--|
| Description                           | Budget  | MTD  | YTD        | Variance   | Percent |  |
| 60-7820-3510 M&R Building & Grounds   | 750     | 0.00 | 65.71      | 684.29     | 9%      |  |
| 60-7820-3530 M&R - Vehicle            | 750     | 0.00 | 152.65     | 597.35     | 20%     |  |
| 60-7820-3540 M&R-Equipment            | 8,000   | 0.00 | 739.16     | 7,260.84   | 9%      |  |
| 60-7820-3545 M&R-System               | 30,000  | 0.00 | 17,531.30  | 12,468.70  | 58%     |  |
| 60-7820-4510 Insurance                | 5,140   | 0.00 | 5,140.00   | 0.00       | 100%    |  |
| 60-7820-4910 Dues & Subscriptions     | 0       | 0.00 | 50.00      | (50.00)    |         |  |
| 60-7820-4920 Licenses & Permits       | 2,000   | 0.00 | 50.00      | 1,950.00   | 3%      |  |
| 60-7820-7110 Capital Outlay-Vehicles  | 0       | 0.00 | 0.00       | 0.00       |         |  |
| 60-7820-7115 Capital Outlay-Equipment | 2,000   | 0.00 | 0.00       | 2,000.00   |         |  |
| 60-7820-7125 Capital Outlay-System    | 30,875  | 0.00 | 0.00       | 30,875.00  |         |  |
| 60-7820-9000 Miscellaneous            | 500     | 0.00 | 41.41      | 458.59     | 8%      |  |
| LINE MAINTENANCE Totals:              | 263,835 | 0.00 | 69,793.14  | 194,041.86 | 26%     |  |
| 60-9990-0000 Depreciation             | 0       | 0.00 | 0.00       | 0.00       |         |  |
| Totals:                               | 0       | 0.00 | 0.00       | 0.00       |         |  |
| Expenses Totals:                      | 986,135 | 0.00 | 297,030.37 | 689,104.63 | 30%     |  |

# Budget vs Actual

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60 ENTERPRISE Totals:

0.00

91,351.53

## Budget vs Actual

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### 95 CAPITAL RESERVE FUND

| Description                                 | Budget | MTD  | YTD       | Variance    | Percent |
|---------------------------------------------|--------|------|-----------|-------------|---------|
| <b>Revenues</b>                             |        |      |           |             |         |
| 95-2500-1000 Prepay                         | 0      | 0.00 | 970.32    | 970.32      |         |
| 95-3710-0200 Infrastructure Investment Fee  | 54,990 | 0.00 | 21,369.45 | (33,620.55) | 39%     |
| 95-3890-9996 Transfer from Water/Sewer Fund | 0      | 0.00 | 0.00      | 0.00        |         |
| 95-3990-0000 Fund Balance Appropriated      | 0      | 0.00 | 0.00      | 0.00        |         |
| Revenues Totals:                            | 54,990 | 0.00 | 22,339.77 | (32,650.23) | 41%     |

## Budget vs Actual

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### 95 CAPITAL RESERVE FUND

| Description                                   | Budget | MTD  | YTD  | Variance  | Percent |
|-----------------------------------------------|--------|------|------|-----------|---------|
| <b>Expenses</b>                               |        |      |      |           |         |
| 95-7000-9995 Transfer to Water/Sewer Fund     | 0      | 0.00 | 0.00 | 0.00      | 0.00    |
| 95-7000-9996 Transfer to Capital Project Fund | 0      | 0.00 | 0.00 | 0.00      | 0.00    |
| 95-7000-9999 Contribution to Capital Reserve  | 54,990 | 0.00 | 0.00 | 54,990.00 |         |
| GENERAL Totals:                               | 54,990 | 0.00 | 0.00 | 54,990.00 |         |
| Expenses Totals:                              | 54,990 | 0.00 | 0.00 | 54,990.00 |         |

# Budget vs Actual

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Period Ending 6/30/2021

|                            |      |           |
|----------------------------|------|-----------|
| 95 CAPITAL RESERVE Totals: | 0.00 | 22,339.77 |
| FUND                       |      |           |

# TOWN OF PILOT MOUNTAIN

Financial Position Update

- ▶ Total Fund Balance: \$549,061
- ▶ Fund Balance Available
  - ▶ \$355,078
  - ▶ 17.54% of general fund expenditures
- ▶ Change year over year
  - ▶ Total Fund Balance is Down \$223,716
  - ▶ Available fund balance is up about \$450,000 year over year

## FY 2020 YEAR END POSITION

- ▶ Year to Date Expenditures:
  - ▶ General Fund: \$784,086.11
  - ▶ Water/Sewer: \$303,742.04
- ▶ Year to Date Revenues:
  - ▶ General Fund: \$940,020.61
  - ▶ Water/Sewer: \$393,786.40
- ▶ Excess:
  - ▶ General Fund: \$155,934.50
  - ▶ Water/Sewer: \$89,744.36

FY 2021

- ▶ Property Tax
  - ▶ 2020-63.90%
  - ▶ 2021-66.61%
- ▶ Sales Tax
  - ▶ 2020-35.59%
  - ▶ 2021-54%
  - ▶ About 14% ahead of budget
- ▶ Water/Sewer Revenue
  - ▶ 2020-33.28% of \$906,480
  - ▶ 2021-32.94% of \$986,135

# FY 2021 REVENUE COMPARISON

**MANAGEMENT’S DISCUSSION AND ANALYSIS**  
**June 30, 2020**

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As management of the Town of Pilot Mountain, we offer readers of the Town of Pilot Mountain's financial statements this narrative overview and analysis of the financial activities of the Town of Pilot Mountain for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

**Financial Highlights**

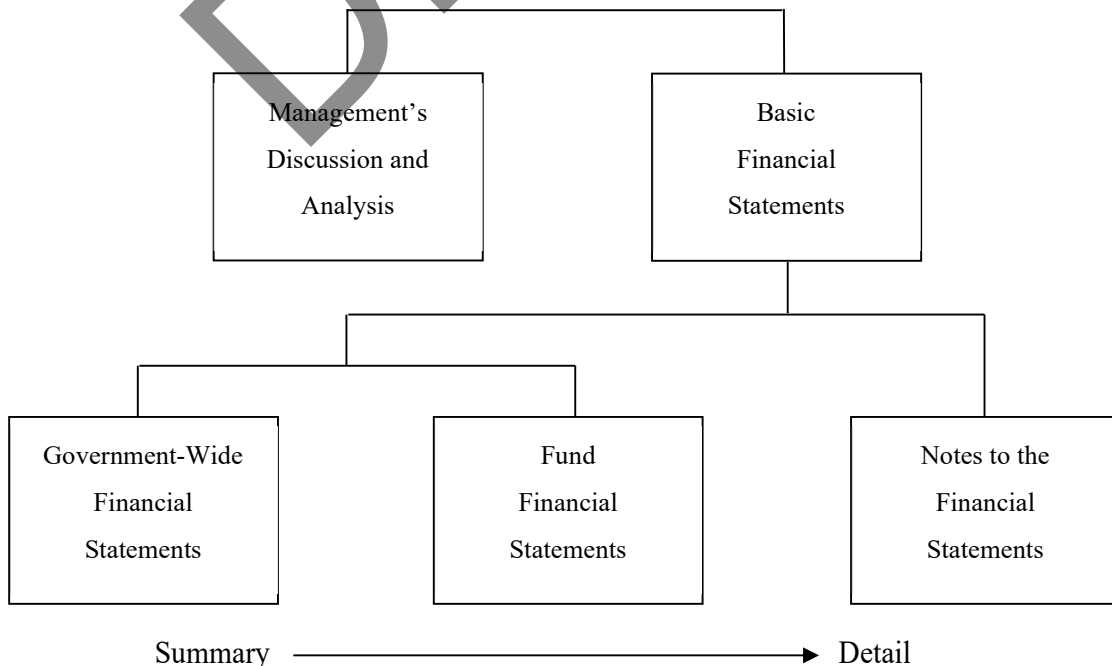
- The assets and deferred outflows of resources of the Town of Pilot Mountain exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,429,151 (*net position*).
- The government’s total net position increased by \$271,242.
- As of the close of the current fiscal year, the Town of Pilot Mountain’s governmental funds reported combined ending fund balances of \$549,061 with a net change of \$(223,716) in fund balance. Approximately 29.66 percent of this total amount, or \$162,860, is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$355,078, or 17.54 percent of total general fund expenditures for the fiscal year.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the Town of Pilot Mountain, North Carolina's basic financial statements. The Town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Pilot Mountain, North Carolina.

**Required Components of Annual Financial Report**

**Figure 1**



## MANAGEMENT'S DISCUSSION AND ANALYSIS

### June 30, 2020

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#### **Basic Financial Statements**

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

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

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

#### **Government-Wide Financial Statements**

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

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

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

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

#### **Fund Financial Statements**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2020**

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

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

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

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

*Notes to the Financial Statements* – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 27 of this report.

*Other Information* – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 62 of this report.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2020**

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

**Figure 2**

|                                  | Business-Type           |                     |                     |                     |                     |                     |
|----------------------------------|-------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                  | Governmental Activities |                     | Activities          |                     | Totals              |                     |
|                                  | 2020                    | 2019                | 2020                | 2019                | 2020                | 2019                |
| <b>Assets:</b>                   |                         |                     |                     |                     |                     |                     |
| Current assets                   | \$ 627,058              | \$ 789,908          | \$ 299,958          | \$ (20,345)         | \$ 927,016          | \$ 769,563          |
| Capital assets                   | 2,311,062               | 2,261,464           | 6,409,799           | 6,346,227           | 8,720,861           | 8,607,691           |
| Non-current assets               | 252,878                 | 252,878             | -                   | -                   | 252,878             | 252,878             |
| Deferred outflows of resources   | 180,960                 | 209,251             | 47,632              | 56,583              | 228,592             | 265,834             |
| Total assets                     | <u>3,371,958</u>        | <u>3,513,501</u>    | <u>6,757,389</u>    | <u>6,382,465</u>    | <u>10,129,347</u>   | <u>9,895,966</u>    |
| <b>Liabilities:</b>              |                         |                     |                     |                     |                     |                     |
| Current liabilities              | 177,725                 | 117,191             | 249,594             | 241,764             | 427,319             | 358,955             |
| Long-term liabilities            | 515,987                 | 502,047             | 421,521             | 540,926             | 937,508             | 1,042,973           |
| Other non current liabilities    | 252,878                 | 252,878             | -                   | -                   | 252,878             | 252,878             |
| Deferred inflows of resources    | 81,861                  | 81,352              | 630                 | 1,899               | 82,491              | 83,251              |
| Total liabilities                | <u>1,028,451</u>        | <u>953,468</u>      | <u>671,745</u>      | <u>784,589</u>      | <u>1,700,196</u>    | <u>1,738,057</u>    |
| <b>Net Position:</b>             |                         |                     |                     |                     |                     |                     |
| Net investment in capital assets | 2,171,281               | 2,086,531           | 5,943,033           | 5,763,923           | 8,114,314           | 7,850,454           |
| Restricted                       | 162,860                 | 912,156             | -                   | -                   | 162,860             | 912,156             |
| Unrestricted                     | 9,366                   | (438,654)           | 142,611             | (166,047)           | 151,977             | (604,701)           |
| Total net position               | <u>\$ 2,343,507</u>     | <u>\$ 2,560,033</u> | <u>\$ 6,085,644</u> | <u>\$ 5,597,876</u> | <u>\$ 8,429,151</u> | <u>\$ 8,157,909</u> |

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the 2020 Audit of the Town of Pilot Mountain, North Carolina exceeded liabilities and deferred inflows of resources by \$8,429,151 as of June 30, 2020. The Town's net position increased by \$271,242 for the fiscal year ended June 30, 2020. However, the largest portion (96%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Pilot Mountain, North Carolina uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Pilot Mountain's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Pilot Mountain, North Carolina's net position, \$162,860 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$151,977 is unrestricted.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2020**

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

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

**Figure 3**

|                                                         | Governmental Activities |                  | Business-Type<br>Activities |                  | Totals           |                  |
|---------------------------------------------------------|-------------------------|------------------|-----------------------------|------------------|------------------|------------------|
|                                                         | 2020                    | 2019             | 2020                        | 2019             | 2020             | 2019             |
|                                                         |                         |                  |                             |                  |                  |                  |
| <b>Revenues:</b>                                        |                         |                  |                             |                  |                  |                  |
| Program revenues:                                       |                         |                  |                             |                  |                  |                  |
| Charges for services                                    | \$ 303,824              | \$ 271,711       | \$ 921,559                  | \$ 907,038       | \$ 1,225,383     | \$ 1,178,749     |
| Operating grants<br>and contributions                   | 43,583                  | 43,900           | -                           | -                | 43,583           | 43,900           |
| Capital grants and<br>contributions                     | 18,608                  | 157,304          | 693,228                     | 197,450          | 711,836          | 354,754          |
| General revenues:                                       |                         |                  |                             |                  |                  |                  |
| Property taxes                                          | 813,607                 | 851,937          | -                           | -                | 813,607          | 851,937          |
| Other taxes                                             | 615,263                 | 615,918          | -                           | -                | 615,263          | 615,918          |
| Miscellaneous                                           | -                       | 3,694            | -                           | -                | -                | 3,694            |
| Gain on disposal of capital assets                      | 6,752                   | -                | -                           | 10,831           | 6,752            | 10,831           |
| <b>Total revenues</b>                                   | <b>1,801,637</b>        | <b>1,944,464</b> | <b>1,614,787</b>            | <b>1,115,319</b> | <b>3,416,424</b> | <b>3,059,783</b> |
| <b>Expenses:</b>                                        |                         |                  |                             |                  |                  |                  |
| General government                                      | 449,724                 | 104,580          | -                           | -                | 449,724          | 104,580          |
| Public safety                                           | 802,780                 | 739,034          | -                           | -                | 802,780          | 739,034          |
| Transportation                                          | 139,549                 | 353,503          | -                           | -                | 139,549          | 353,503          |
| Economic development                                    | 282,186                 | 126,601          | -                           | -                | 282,186          | 126,601          |
| Environmental protection                                | 247,280                 | 349,685          | -                           | -                | 247,280          | 349,685          |
| Cultural and recreation                                 | 93,425                  | 108,279          | -                           | -                | 93,425           | 108,279          |
| Interest on long-term debt                              | 3,219                   | 6,130            | -                           | -                | 3,219            | 6,130            |
| Water and sewer                                         | -                       | -                | 1,127,019                   | 1,174,325        | 1,127,019        | 1,174,325        |
| <b>Total expenses</b>                                   | <b>2,018,163</b>        | <b>1,787,812</b> | <b>1,127,019</b>            | <b>1,174,325</b> | <b>3,145,182</b> | <b>2,962,137</b> |
| Increase (decrease) in net position<br>before transfers | (216,526)               | 156,652          | 487,768                     | (59,006)         | 271,242          | 97,646           |
| Transfers                                               | -                       | -                | -                           | -                | -                | -                |
| Increase (decrease) in net position                     | (216,526)               | 156,652          | 487,768                     | (59,006)         | 271,242          | 97,646           |
| Net position, previously reported                       | 2,560,033               | 2,403,381        | 5,597,876                   | 5,656,882        | 8,157,909        | 8,060,263        |
| Restatement                                             | -                       | -                | -                           | -                | -                | -                |
| Net position, beginning as restated                     | 2,560,033               | 2,403,381        | 5,597,876                   | 5,656,882        | 8,157,909        | 8,060,263        |
| Net position, ending                                    | \$ 2,343,507            | \$ 2,560,033     | \$ 6,085,644                | \$ 5,597,876     | \$ 8,429,151     | \$ 8,157,909     |

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2020**

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*Governmental Activities* – Governmental activities decreased the Town's net position by (\$216,526). The key elements of this decrease are as follows:

- Use of general fund balance to pay upfront costs of utility projects.
- Use of Powell Bill reserves for street resurfacing projects.

*Business-Type Activities* – Business-type activities increased the Town of Pilot Mountain's net position by \$487,768. The key elements of this increase are as follows:

- The Town continued to make much needed repairs to capital assets in the Water/Sewer fund.

**Financial Analysis of the Town's Funds**

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

*Governmental Funds* – The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements.

The General Fund is the chief operating fund of the Town of Pilot Mountain. At the end of the current fiscal year, the Town of Pilot Mountain's fund balance available in the General Fund was \$355,078, while the total fund balance reached \$537,938. The Town currently has an available balance of 17.5% of general fund expenditures, and total fund balance represents 27% of the same amount.

At June 30, 2020, the governmental funds of the Town of Pilot Mountain reported a combined fund balance of \$584,903 with a net decrease in fund balance of \$223,716. Included in this change in fund balance is a decrease in the fund balance for the General Fund and a net decrease in the fund balances for the Capital Project Funds.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2020**

*Proprietary Fund* – The Town of Pilot Mountain's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$142,611. The total increase in net position for the fund was \$487,768. The change in net position in the Water and Sewer Fund is primarily the result of the charge for depreciation and repair expenses.

**Capital Asset and Debt Administration**

*Capital Assets* – The Town of Pilot Mountain's investment in capital assets for its governmental and business-type activities as of June 30, 2020 totals \$8,720,861 (net of accumulated depreciation). These assets include land, buildings, sewer lines, equipment, and vehicles.

Major capital asset transactions during the year include the following:

- The Town spent \$68,244 for construction in progress for capital projects during the fiscal year.
- The Town spent \$454,390 on water and sewer fund capital projects during the fiscal year.

**Town of Pilot Mountain, North Carolina's Capital Assets**

**Figure 4**

|                                  | Governmental Activities |                     | Business-Type Activities |                     | Totals              |                     |
|----------------------------------|-------------------------|---------------------|--------------------------|---------------------|---------------------|---------------------|
|                                  | 2020                    | 2019                | 2020                     | 2019                | 2020                | 2019                |
| Land                             | \$ 336,174              | \$ 316,040          | \$ 168,864               | \$ 168,864          | \$ 505,038          | \$ 484,904          |
| Building and systems             | 1,374,955               | 1,427,728           | 5,110,723                | 5,374,161           | 6,485,678           | 6,801,889           |
| Machinery and equipment          | 33,130                  | 51,960              | 39,968                   | 77,841              | 73,098              | 129,801             |
| Infrastructure                   | 88,735                  | 93,342              | -                        | -                   | 88,735              | 93,342              |
| Vehicles and motorized equipment | 117,794                 | 80,364              | 39,244                   | 54,094              | 157,038             | 134,458             |
| Construction in progress         | 360,274                 | 292,030             | 1,051,000                | 671,267             | 1,411,274           | 963,297             |
| <b>Total</b>                     | <b>\$ 2,311,062</b>     | <b>\$ 2,261,464</b> | <b>\$ 6,409,799</b>      | <b>\$ 6,346,227</b> | <b>\$ 8,720,861</b> | <b>\$ 8,607,691</b> |

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

*Long-Term Debt* – As of June 30, 2020, the Town had total debt outstanding of \$1,178,816. Of this amount, \$417,299 is debt backed by the full faith and credit of the Town, \$113,263 is secured by a building, and \$149,410 is secured by equipment. The remainder of the Town's debt is secured solely by specified revenue sources.

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2020**

**Outstanding Debt**

**Figure 5**

|                               | Governmental Activities |                   | Business-Type Activities |                   | Totals              |                     |
|-------------------------------|-------------------------|-------------------|--------------------------|-------------------|---------------------|---------------------|
|                               | 2020                    | 2019              | 2020                     | 2019              | 2020                | 2019                |
| Loan agreement                | \$ -                    | \$ -              | \$ 108,858               | \$ 136,072        | \$ 108,858          | \$ 136,072          |
| General obligation bonds      | -                       | -                 | 98,000                   | 112,000           | 98,000              | 112,000             |
| Promissory note               | 113,263                 | 122,667           | -                        | -                 | 113,263             | 122,667             |
| Equipment loan payable        | 18,038                  | 35,629            | 18,038                   | 35,629            | 36,076              | 71,258              |
| Water meter project           | -                       | -                 | 210,441                  | 259,317           | 210,441             | 259,317             |
| Vehicle loan payable          | 8,480                   | 16,637            | 31,429                   | 39,286            | 39,909              | 55,923              |
| Police vehicle loan payable   | 73,425                  | -                 | -                        | -                 | 73,425              | -                   |
| Compensated absences          | 43,408                  | 61,827            | 11,188                   | 43,957            | 54,596              | 105,784             |
| Total OPEB liability          | -                       | 19,109            | -                        | 6,369             | -                   | 25,478              |
| Total pension liability (LEO) | 117,630                 | 149,332           | -                        | -                 | 117,630             | 149,332             |
| Net pension liability (LGERS) | 254,762                 | 203,369           | 71,856                   | 67,790            | 326,618             | 271,159             |
| <b>Total</b>                  | <b>\$ 629,006</b>       | <b>\$ 608,570</b> | <b>\$ 549,810</b>        | <b>\$ 700,420</b> | <b>\$ 1,178,816</b> | <b>\$ 1,308,990</b> |

**Town of Pilot Mountain's Outstanding Debt**

The Town of Pilot Mountain's total debt decreased by \$130,174 (10%) during the past fiscal year.

North Carolina's general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Pilot Mountain is \$11,496,375.

Additional information regarding the Town of Pilot Mountain's long-term debt can be found in Note 3 of this report.

**Economic Factors and Next Year's Budgets and Rates**

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

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

**Budget Highlights for the Fiscal Year Ended June 30, 2020**

**Governmental Activities:**

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**June 30, 2020**

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**Business-type Activities:**

- The Board increased the water/sewer rates for the second year in a row. The Board plans to continue these moderate rate increases over the next several years.
- The Board of Commissioners made capital expenditures that were deferred during the economic downturn.

**Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Michael Boaz, Town Manager/Finance Officer or Holly Utt, Town Clerk, Town of Pilot Mountain, 124 West Main Street, Box 1, Pilot Mountain, NC 27041. One can also call (336) 368-2248, visit our website at [www.pilotmountainnc.org](http://www.pilotmountainnc.org) or send an email to [mboaz@pilotmountainnc.org](mailto:mboaz@pilotmountainnc.org) or [hutt@pilotmountainnc.org](mailto:hutt@pilotmountainnc.org).

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**BASIC FINANCIAL STATEMENTS**

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA  
 Statement of Net Position  
 June 30, 2020

Exhibit 1

|                                                                  | Primary Government         |                             |              | Pilot Mountain<br>ABC Board | Pilot Mountain<br>Tourism<br>Development<br>Authority |
|------------------------------------------------------------------|----------------------------|-----------------------------|--------------|-----------------------------|-------------------------------------------------------|
|                                                                  | Governmental<br>Activities | Business-Type<br>Activities | Total        |                             |                                                       |
| <b>Assets</b>                                                    |                            |                             |              |                             |                                                       |
| Current assets:                                                  |                            |                             |              |                             |                                                       |
| Cash and cash equivalents                                        | \$ 36,038                  | \$ 116,274                  | \$ 152,312   | \$ 381,214                  | \$ 45,115                                             |
| Taxes receivables, net                                           | 34,005                     | -                           | 34,005       | -                           | -                                                     |
| Accounts receivable, net                                         | 621                        | 160,494                     | 161,115      | -                           | 3,123                                                 |
| Due from other governments                                       | 135,312                    | 403,754                     | 539,066      | -                           | -                                                     |
| Due from component unit                                          | -                          | -                           | -            | -                           | -                                                     |
| Internal balances                                                | 420,371                    | (420,371)                   | -            | -                           | -                                                     |
| Inventory                                                        | -                          | -                           | -            | 164,863                     | -                                                     |
| Prepaid items                                                    | -                          | -                           | -            | 2,460                       | -                                                     |
| Restricted cash and cash equivalents                             | 711                        | 39,807                      | 40,518       | -                           | -                                                     |
| Total current assets                                             | 627,058                    | 299,958                     | 927,016      | 548,537                     | 48,238                                                |
| Non-current assets:                                              |                            |                             |              |                             |                                                       |
| Capital assets:                                                  |                            |                             |              |                             |                                                       |
| Land, non-depreciable improvements, and construction in progress | 696,448                    | 1,219,864                   | 1,916,312    | -                           | -                                                     |
| Other capital assets, net of depreciation                        | 1,614,614                  | 5,189,935                   | 6,804,549    | 24,916                      | -                                                     |
| Total capital assets                                             | 2,311,062                  | 6,409,799                   | 8,720,861    | 24,916                      | -                                                     |
| Grant repayment                                                  | 252,878                    | -                           | 252,878      | -                           | -                                                     |
| Security deposit                                                 | -                          | -                           | -            | 5,000                       | -                                                     |
| Total non-current assets                                         | 2,563,940                  | 6,409,799                   | 8,973,739    | 29,916                      | -                                                     |
| Total assets                                                     | 3,190,998                  | 6,709,757                   | 9,900,755    | 578,453                     | 48,238                                                |
| <b>Deferred Outflows of Resources</b>                            |                            |                             |              |                             |                                                       |
| Pension deferrals                                                | 180,960                    | 47,632                      | 228,592      | 10,757                      | -                                                     |
| Total deferred outflow of resources                              | 180,960                    | 47,632                      | 228,592      | 10,757                      | -                                                     |
| <b>Liabilities</b>                                               |                            |                             |              |                             |                                                       |
| Current liabilities:                                             |                            |                             |              |                             |                                                       |
| Cash overdraft                                                   | 42,151                     | -                           | 42,151       | -                           | -                                                     |
| Accounts payable                                                 | 20,952                     | 81,498                      | 102,450      | 163,667                     | 1,357                                                 |
| Due to component unit                                            | 1,603                      | -                           | 1,603        | -                           | -                                                     |
| Current portion of long-term liabilities                         | 113,019                    | 128,289                     | 241,308      | -                           | -                                                     |
| Payable from restricted assets                                   | -                          | 39,807                      | 39,807       | -                           | -                                                     |
| Total current liabilities                                        | 177,725                    | 249,594                     | 427,319      | 163,667                     | 1,357                                                 |
| Long-term liabilities:                                           |                            |                             |              |                             |                                                       |
| Grant repayment                                                  | 252,878                    | -                           | 252,878      | -                           | -                                                     |
| Due in more than one year                                        | 515,987                    | 421,521                     | 937,508      | 14,747                      | -                                                     |
| Total long-term liabilities                                      | 768,865                    | 421,521                     | 1,190,386    | 14,747                      | -                                                     |
| Total liabilities                                                | 946,590                    | 671,115                     | 1,617,705    | 178,414                     | 1,357                                                 |
| <b>Deferred Inflows of Resources</b>                             |                            |                             |              |                             |                                                       |
| Pension deferrals                                                | 81,861                     | 630                         | 82,491       | 780                         | -                                                     |
| Total deferred inflow of resources                               | 81,861                     | 630                         | 82,491       | 780                         | -                                                     |
| <b>Net Position</b>                                              |                            |                             |              |                             |                                                       |
| Net investment in capital assets                                 | 2,171,281                  | 5,943,033                   | 8,114,314    | 24,916                      | -                                                     |
| Restricted for:                                                  |                            |                             |              |                             |                                                       |
| Working capital                                                  | -                          | -                           | -            | 47,079                      | -                                                     |
| Stabilization by State Statute                                   | 162,149                    | -                           | 162,149      | -                           | -                                                     |
| Streets-Powell Bill                                              | 711                        | -                           | 711          | -                           | -                                                     |
| Unrestricted                                                     | 9,366                      | 142,611                     | 151,977      | 338,021                     | 46,881                                                |
| Total net position                                               | \$ 2,343,507               | \$ 6,085,644                | \$ 8,429,151 | \$ 410,016                  | \$ 46,881                                             |

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Statement of Activities**  
**Year Ended June 30, 2020**

Exhibit 2

| Functions/Programs                          | Program Revenues    |                      |                                    |                                  | Net (Expense) Revenue and Changes in Net Position |                          |                     | Pilot Mountain ABC Board | Pilot Mountain Tourism Development Authority |
|---------------------------------------------|---------------------|----------------------|------------------------------------|----------------------------------|---------------------------------------------------|--------------------------|---------------------|--------------------------|----------------------------------------------|
|                                             | Expenses            | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          |                     |                          |                                              |
|                                             |                     |                      |                                    |                                  | Governmental Activities                           | Business-type Activities | Total               |                          |                                              |
| <b>Primary government:</b>                  |                     |                      |                                    |                                  |                                                   |                          |                     |                          |                                              |
| <b>Governmental activities:</b>             |                     |                      |                                    |                                  |                                                   |                          |                     |                          |                                              |
| General government                          | \$ 449,724          | \$ 174,252           | \$ -                               | \$ -                             | \$ (275,472)                                      | \$ -                     | \$ (275,472)        | \$ -                     | \$ -                                         |
| Public safety                               | 802,780             | 3,514                | -                                  | -                                | (799,266)                                         | -                        | (799,266)           | -                        | -                                            |
| Transportation                              | 139,549             | -                    | 43,583                             | -                                | (95,966)                                          | -                        | (95,966)            | -                        | -                                            |
| Economic development                        | 282,186             | 50,000               | -                                  | -                                | (232,186)                                         | -                        | (232,186)           | -                        | -                                            |
| Environmental protection                    | 247,280             | 76,058               | -                                  | 18,608                           | (152,614)                                         | -                        | (152,614)           | -                        | -                                            |
| Cultural and recreation                     | 93,425              | -                    | -                                  | -                                | (93,425)                                          | -                        | (93,425)            | -                        | -                                            |
| Interest on long-term debt                  | 3,219               | -                    | -                                  | -                                | (3,219)                                           | -                        | (3,219)             | -                        | -                                            |
| <b>Total governmental activities</b>        | <b>2,018,163</b>    | <b>303,824</b>       | <b>43,583</b>                      | <b>18,608</b>                    | <b>(1,652,148)</b>                                | <b>-</b>                 | <b>(1,652,148)</b>  | <b>-</b>                 | <b>-</b>                                     |
| <b>Business-type activities:</b>            |                     |                      |                                    |                                  |                                                   |                          |                     |                          |                                              |
| Water and sewer                             | 1,127,019           | 921,559              | -                                  | 693,228                          | -                                                 | 487,768                  | 487,768             | -                        | -                                            |
| <b>Total business-type activities</b>       | <b>1,127,019</b>    | <b>921,559</b>       | <b>-</b>                           | <b>693,228</b>                   | <b>-</b>                                          | <b>487,768</b>           | <b>487,768</b>      | <b>-</b>                 | <b>-</b>                                     |
| <b>Total primary government</b>             | <b>\$ 3,145,182</b> | <b>\$ 1,225,383</b>  | <b>\$ 43,583</b>                   | <b>\$ 711,836</b>                | <b>(1,652,148)</b>                                | <b>487,768</b>           | <b>(1,164,380)</b>  | <b>-</b>                 | <b>-</b>                                     |
| <b>Component units:</b>                     |                     |                      |                                    |                                  |                                                   |                          |                     |                          |                                              |
| ABC Board                                   | \$ -                | \$ -                 | \$ -                               | \$ -                             | -                                                 | -                        | -                   | 104,311                  | -                                            |
| Tourism Development Authority               | 23,837              | 25,946               | -                                  | -                                | -                                                 | -                        | -                   | -                        | 2,109                                        |
| <b>Total component units</b>                | <b>\$ 23,837</b>    | <b>\$ 25,946</b>     | <b>\$ -</b>                        | <b>\$ -</b>                      | <b>-</b>                                          | <b>-</b>                 | <b>-</b>            | <b>104,311</b>           | <b>2,109</b>                                 |
| <b>General Revenues:</b>                    |                     |                      |                                    |                                  |                                                   |                          |                     |                          |                                              |
| <b>Taxes:</b>                               |                     |                      |                                    |                                  |                                                   |                          |                     |                          |                                              |
| Property taxes, levied for general purpose  |                     |                      |                                    |                                  | 813,607                                           | -                        | 813,607             | -                        | -                                            |
| Unrestricted intergovernmental revenues     |                     |                      |                                    |                                  | 614,686                                           | -                        | 614,686             | -                        | -                                            |
| Unrestricted investment earnings            |                     |                      |                                    |                                  | 577                                               | -                        | 577                 | -                        | -                                            |
| Miscellaneous                               |                     |                      |                                    |                                  | -                                                 | -                        | -                   | -                        | -                                            |
| Gain on disposal of capital assets          |                     |                      |                                    |                                  | 6,752                                             | -                        | 6,752               | -                        | -                                            |
| <b>Total general revenues and transfers</b> |                     |                      |                                    |                                  | <b>1,435,622</b>                                  | <b>-</b>                 | <b>1,435,622</b>    | <b>-</b>                 | <b>-</b>                                     |
| Change in net position                      |                     |                      |                                    |                                  | (216,526)                                         | 487,768                  | 271,242             | 104,311                  | 2,109                                        |
| Net position, beginning                     |                     |                      |                                    |                                  | 2,560,033                                         | 5,597,876                | 8,157,909           | 305,705                  | 44,772                                       |
| <b>Net position - ending</b>                |                     |                      |                                    |                                  | <b>\$ 2,343,507</b>                               | <b>\$ 6,085,644</b>      | <b>\$ 8,429,151</b> | <b>\$ 410,016</b>        | <b>\$ 46,881</b>                             |

**Balance Sheet**  
**Governmental Funds**  
**June 30, 2020**

|                                                                       | Major Governmental Funds |                         | Total<br>Non-Major<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------------------------------------------------|--------------------------|-------------------------|-----------------------------|--------------------------------|
|                                                                       | General Fund             | Landfill<br>Remediation |                             |                                |
| <b>Assets</b>                                                         |                          |                         |                             |                                |
| Cash and cash equivalents                                             | \$ 397,633               | \$ -                    | \$ 11,123                   | \$ 408,756                     |
| Restricted cash                                                       | 711                      | -                       | -                           | 711                            |
| Receivables, net:                                                     |                          |                         |                             |                                |
| Taxes                                                                 | 34,005                   | -                       | -                           | 34,005                         |
| Other                                                                 | 10,621                   | -                       | -                           | 10,621                         |
| Due from other governments                                            | 125,312                  | -                       | -                           | 125,312                        |
| Due from other funds                                                  | 5,498                    | -                       | -                           | 5,498                          |
| Total assets                                                          | <u>573,780</u>           | <u>-</u>                | <u>11,123</u>               | <u>584,903</u>                 |
| <b>Liabilities</b>                                                    |                          |                         |                             |                                |
| Accounts payable and accrued liabilities                              | 20,952                   | -                       | -                           | 20,952                         |
| Due to component unit                                                 | 1,603                    | -                       | -                           | 1,603                          |
| Total liabilities                                                     | <u>22,555</u>            | <u>-</u>                | <u>-</u>                    | <u>22,555</u>                  |
| <b>Deferred Inflow of Resources</b>                                   |                          |                         |                             |                                |
| Property taxes receivable                                             | 13,287                   | -                       | -                           | 13,287                         |
|                                                                       | <u>13,287</u>            | <u>-</u>                | <u>-</u>                    | <u>13,287</u>                  |
| <b>Fund Balances</b>                                                  |                          |                         |                             |                                |
| Restricted for:                                                       |                          |                         |                             |                                |
| Stabilization by State Statute                                        | 162,149                  | -                       | -                           | 162,149                        |
| Streets                                                               | 711                      | -                       | -                           | 711                            |
| Assigned:                                                             |                          |                         |                             |                                |
| Capital project funds                                                 | -                        | -                       | 11,123                      | 11,123                         |
| Subsequent year's expenditures                                        | 20,000                   | -                       | -                           | 20,000                         |
| Unassigned                                                            | 355,078                  | -                       | -                           | 355,078                        |
| Total fund balances                                                   | <u>537,938</u>           | <u>-</u>                | <u>11,123</u>               | <u>549,061</u>                 |
| Total liabilities, deferred inflows<br>of resources and fund balances | <u>\$ 573,780</u>        | <u>\$ -</u>             | <u>\$ 11,123</u>            | <u>\$ 584,903</u>              |

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

Governmental Funds

June 30, 2020

Amounts reported for governmental activities in the statement of net position

(Exhibit 1) are different because:

|                                                                                                                           |                  |                            |
|---------------------------------------------------------------------------------------------------------------------------|------------------|----------------------------|
| Total Fund Balance, Governmental Funds                                                                                    |                  | \$ 549,061                 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:   |                  |                            |
| Gross capital assets at historical cost                                                                                   | \$ 3,978,704     |                            |
| Less accumulated depreciation                                                                                             | <u>1,667,642</u> | 2,311,062                  |
| Earned revenues considered deferred inflows of resources in fund statements                                               |                  | 13,287                     |
| Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds: |                  |                            |
| Compensated absences                                                                                                      | (43,408)         |                            |
| Long-term debt                                                                                                            | (213,202)        |                            |
| Total pensions liability (LEO)                                                                                            | (117,630)        |                            |
| Net pension liability (LGRS)                                                                                              | <u>(254,762)</u> | (629,002)                  |
| Deferred resources related to pensions are not reported in the funds:                                                     |                  |                            |
| Outflows of recourses                                                                                                     | 180,960          |                            |
| Inflows of recourses                                                                                                      | <u>(81,861)</u>  | 99,099                     |
| Net position of governmental activities                                                                                   |                  | <u><u>\$ 2,343,507</u></u> |

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2020**

Exhibit 5

|                                                 | Major Governmental Funds |                         | Total<br>Non-Major<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------------------------------|--------------------------|-------------------------|-----------------------------|--------------------------------|
|                                                 | General Fund             | Landfill<br>Remediation |                             |                                |
| <b>Revenues</b>                                 |                          |                         |                             |                                |
| Ad valorem taxes                                | \$ 813,607               | \$ -                    | \$ -                        | \$ 813,607                     |
| Unrestricted intergovernmental                  | 613,711                  | -                       | -                           | 613,711                        |
| Restricted intergovernmental                    | 99,220                   | 18,608                  | -                           | 117,828                        |
| Permits and fees                                | 2,155                    | -                       | -                           | 2,155                          |
| Investment earnings                             | 577                      | -                       | -                           | 577                            |
| Miscellaneous                                   | 240,180                  | -                       | -                           | 240,180                        |
| Total revenues                                  | <u>1,769,450</u>         | <u>18,608</u>           | <u>-</u>                    | <u>1,788,058</u>               |
| <b>Expenditures</b>                             |                          |                         |                             |                                |
| Current:                                        |                          |                         |                             |                                |
| General government                              | 530,230                  | -                       | -                           | 530,230                        |
| Public safety                                   | 776,740                  | -                       | -                           | 776,740                        |
| Transportation                                  | 117,107                  | -                       | 51,904                      | 169,011                        |
| Economic development                            | 279,291                  | -                       | -                           | 279,291                        |
| Environmental protection                        | 222,340                  | 16,340                  | -                           | 238,680                        |
| Culture and recreation                          | 60,187                   | -                       | -                           | 60,187                         |
| Debt service:                                   |                          |                         |                             |                                |
| Principal                                       | 35,151                   | -                       | -                           | 35,151                         |
| Interest and other charges                      | 3,219                    | -                       | -                           | 3,219                          |
| Total expenditures                              | <u>2,024,265</u>         | <u>16,340</u>           | <u>51,904</u>               | <u>2,092,509</u>               |
| Excess of revenues over<br>(under) expenditures | <u>(254,815)</u>         | <u>2,268</u>            | <u>(51,904)</u>             | <u>(304,451)</u>               |
| <b>Other Financing Sources (Uses)</b>           |                          |                         |                             |                                |
| Transfer in from other funds                    | -                        | -                       | 17,850                      | 17,850                         |
| Transfer out to other funds                     | (17,850)                 | -                       | -                           | (17,850)                       |
| Proceeds from capital lease                     | 73,425                   | -                       | -                           | 73,425                         |
| Sale of capital assets                          | 7,310                    | -                       | -                           | 7,310                          |
| Total other financing sources (uses)            | <u>62,885</u>            | <u>-</u>                | <u>17,850</u>               | <u>80,735</u>                  |
| Net change in fund balances                     | <u>(191,930)</u>         | <u>2,268</u>            | <u>(34,054)</u>             | <u>(223,716)</u>               |
| Fund balances, beginning                        | <u>729,868</u>           | <u>(2,268)</u>          | <u>45,177</u>               | <u>772,777</u>                 |
| Fund balances (deficit), ending                 | <u>\$ 537,938</u>        | <u>\$ -</u>             | <u>\$ 11,123</u>            | <u>\$ 549,061</u>              |

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**

Exhibit 6

**Reconciliation of the Governmental Funds Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities**

**Governmental Funds**

**Year Ended June 30, 2020**

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

Net changes in fund balances - total governmental funds \$ (223,716)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is allocated over their estimated useful life and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

|                                                    |            |        |
|----------------------------------------------------|------------|--------|
| Capital outlay expenditures which were capitalized | \$ 174,201 |        |
| Depreciation expense for governmental activities   | (124,044)  |        |
| Loss on sale of fixed assets                       | (559)      | 49,598 |
|                                                    |            |        |

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities 56,477

Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities 16,458

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.

Change in unavailable revenue for tax revenues 6,827

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

|                                      |          |          |
|--------------------------------------|----------|----------|
| New long-term debt issued            | (73,425) |          |
| Principal payments on long-term debt | 35,152   | (38,273) |
|                                      |          |          |

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

|                      |           |          |
|----------------------|-----------|----------|
| Compensated absences | 18,419    |          |
| OPEB plan expense    | 19,109    |          |
| Pension expenses     | (121,425) | (83,897) |
|                      |           |          |

Total changes in net position of governmental activities \$ (216,526)

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

**Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2020**

|                                       | General Fund     |                  |                   | Variance with<br>Final Budget -<br>Positive<br>(Negative) |
|---------------------------------------|------------------|------------------|-------------------|-----------------------------------------------------------|
|                                       | Original         | Final<br>Budget  | Actual<br>Amounts |                                                           |
| <b>Revenues</b>                       |                  |                  |                   |                                                           |
| Ad valorem taxes                      | \$ 847,090       | \$ 864,490       | \$ 813,607        | \$ (50,883)                                               |
| Unrestricted intergovernmental        | 582,810          | 738,510          | 613,711           | (124,799)                                                 |
| Restricted intergovernmental          | 94,470           | 97,980           | 99,220            | 1,240                                                     |
| Permits and fees                      | 2,000            | 2,000            | 2,155             | 155                                                       |
| Investment earnings                   | 5,550            | 5,550            | 577               | (4,973)                                                   |
| Miscellaneous                         | 149,620          | 271,560          | 240,180           | (31,380)                                                  |
| Total revenues                        | <u>1,681,540</u> | <u>1,980,090</u> | <u>1,769,450</u>  | <u>(210,640)</u>                                          |
| <b>Expenditures</b>                   |                  |                  |                   |                                                           |
| Current:                              |                  |                  |                   |                                                           |
| General government                    | 337,040          | 530,625          | 530,230           | 395                                                       |
| Public safety                         | 721,630          | 776,740          | 776,740           | -                                                         |
| Transportation                        | 147,830          | 117,107          | 117,107           | -                                                         |
| Economic development                  | 173,310          | 279,291          | 279,291           | -                                                         |
| Environmental protection              | 215,490          | 222,340          | 222,340           | -                                                         |
| Cultural and recreation               | 58,120           | 60,187           | 60,187            | -                                                         |
| Debt service:                         |                  |                  |                   |                                                           |
| Principal retirement                  | 49,620           | 46,401           | 35,151            | 11,250                                                    |
| Interest and other charges            | -                | 3,219            | 3,219             | -                                                         |
| Total expenditures                    | <u>1,703,040</u> | <u>2,035,910</u> | <u>2,024,265</u>  | <u>11,645</u>                                             |
| Revenues over (under) expenditures    | <u>(21,500)</u>  | <u>(55,820)</u>  | <u>(254,815)</u>  | <u>(198,995)</u>                                          |
| <b>Other Financing Sources (Uses)</b> |                  |                  |                   |                                                           |
| Transfers to other funds              | -                | (39,940)         | (17,850)          | 22,090                                                    |
| Proceeds from capital lease           | -                | 74,000           | 73,425            | (575)                                                     |
| Sale of capital assets                | 1,500            | 8,500            | 7,310             | (1,190)                                                   |
| Total other financing sources (uses)  | <u>1,500</u>     | <u>42,560</u>    | <u>62,885</u>     | <u>20,325</u>                                             |
| Fund balance appropriated             | <u>20,000</u>    | <u>13,260</u>    | <u>-</u>          | <u>(13,260)</u>                                           |
| Net changes in fund balances          | <u>\$ -</u>      | <u>\$ -</u>      | <u>(191,930)</u>  | <u>\$ (191,930)</u>                                       |
| Fund balances, beginning              |                  |                  | 729,868           |                                                           |
| Fund balances, ending                 |                  |                  | <u>\$ 537,938</u> |                                                           |

## Statement of Net Position

## Proprietary Fund

June 30, 2020

|                                                                | Major<br>Enterprise Fund<br>Water and<br>Sewer Fund |
|----------------------------------------------------------------|-----------------------------------------------------|
| <b>Assets</b>                                                  |                                                     |
| Current assets:                                                |                                                     |
| Cash and equivalents                                           | \$ 116,274                                          |
| Account receivables, net                                       | 160,494                                             |
| Due from other governments                                     | 8,638                                               |
| Grant receivable                                               | 395,116                                             |
| Restricted cash and cash equivalents                           | 39,807                                              |
| Total current assets                                           | <u>720,329</u>                                      |
| Noncurrent assets:                                             |                                                     |
| Capital assets:                                                |                                                     |
| Land and other non-depreciable assets                          | 1,219,864                                           |
| Other capital asset, net of depreciation                       | 5,189,935                                           |
| Total noncurrent assets                                        | <u>6,409,799</u>                                    |
| Total assets                                                   | <u>7,130,128</u>                                    |
| <b>Deferred Outflows of Resources</b>                          |                                                     |
| Pension deferrals                                              | 47,632                                              |
| Total deferred outflows of resources                           | <u>47,632</u>                                       |
| <b>Liabilities</b>                                             |                                                     |
| Current liabilities:                                           |                                                     |
| Accounts payable and accrued liabilities                       | 76,563                                              |
| Accrued interest payable                                       | 4,935                                               |
| Current portion of long-term liabilities                       | 128,289                                             |
| Due to other funds                                             | 420,371                                             |
| Liabilities payable from restricted assets - customer deposits | 39,807                                              |
| Total current liabilities                                      | <u>669,965</u>                                      |
| Long-term liabilities:                                         |                                                     |
| Due in more than one year                                      | 421,521                                             |
| Total liabilities                                              | <u>1,091,486</u>                                    |
| <b>Deferred Inflows of Resources</b>                           |                                                     |
| Pension deferrals                                              | 630                                                 |
| Total deferred inflows of resources                            | <u>630</u>                                          |
| <b>Net Position</b>                                            |                                                     |
| Net investment in capital assets                               | 5,943,033                                           |
| Unrestricted                                                   | 142,611                                             |
| Total net position                                             | <u>\$ 6,085,644</u>                                 |

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

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Statement of Revenues, Expenses and Changes in Net Position**  
**Proprietary Fund**  
**Year Ended June 30, 2020**

Exhibit 9

|                                             | Major<br>Enterprise<br>Fund<br><u>Water and<br/>Sewer Fund</u> |
|---------------------------------------------|----------------------------------------------------------------|
| Operating revenues:                         |                                                                |
| Water and sewer charges                     | \$ 840,982                                                     |
| Other operating revenues                    | 80,577                                                         |
| Total operating revenues                    | <u>921,559</u>                                                 |
| Operating expenses:                         |                                                                |
| Sewer department                            | 214,742                                                        |
| Water administration                        | 129,099                                                        |
| Sewer treatment                             | 215,670                                                        |
| Line maintenance                            | 165,833                                                        |
| Depreciation                                | 385,026                                                        |
| Total operating expenses                    | <u>1,110,370</u>                                               |
| Operating loss                              | <u>(188,811)</u>                                               |
| Non-operating revenues (expenses):          |                                                                |
| Interest and other charges                  | (16,649)                                                       |
| Total non-operating expenses                | <u>(16,649)</u>                                                |
| Net loss before contributions and transfers | <u>(205,460)</u>                                               |
| Capital contributions                       | <u>693,228</u>                                                 |
| Change in net position                      | <u>487,768</u>                                                 |
| Total net position, beginning               | <u>5,597,876</u>                                               |
| Total net position, ending                  | <u><u>\$ 6,085,644</u></u>                                     |

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended June 30, 2020**

Exhibit 10

|                                                               | Major Enterprise<br>Fund |
|---------------------------------------------------------------|--------------------------|
|                                                               | Water and<br>Sewer Fund  |
| Cash flows from operating activities:                         |                          |
| Cash received from customers                                  | \$ 915,622               |
| Cash paid for goods and services                              | (738,108)                |
| Cash paid on behalf of employees for services                 | (167,257)                |
| Net cash provided by operating activities                     | <u>10,257</u>            |
| Cash flows from noncapital financing activities:              |                          |
| Increase in due to other funds                                | (25,195)                 |
| Net cash used by noncapital financing activities              | <u>(25,195)</u>          |
| Cash flows from capital and related financing activities:     |                          |
| Acquisition and construction of capital assets                | (448,598)                |
| Principal paid on long-term liabilities                       | (115,538)                |
| Interest paid on long-term liabilities                        | (16,649)                 |
| Capital contributions                                         | 693,228                  |
| Net cash provided by capital and related financing activities | <u>112,443</u>           |
| Net increase in cash and cash equivalents                     | 97,505                   |
| Balances, beginning                                           | 58,576                   |
| Balances, ending                                              | <u>\$ 156,081</u>        |

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Statement of Cash Flows (Continued)**  
**Proprietary Fund**  
**Year Ended June 30, 2020**

Exhibit 10

|                                                                                       |                  |
|---------------------------------------------------------------------------------------|------------------|
| Reconciliation of operating loss to net cash provided by operating activities:        |                  |
| Operating loss                                                                        | \$ (188,811)     |
| Adjustments to reconcile operating loss to net cash provided by operating activities: |                  |
| Depreciation                                                                          | 385,025          |
| Changes in assets and liabilities:                                                    |                  |
| (Increase) decrease in:                                                               |                  |
| Accounts receivable                                                                   | (6,459)          |
| Due from other governments                                                            | 522              |
| Grant receivable                                                                      | (191,666)        |
| Deferred outflows of resources - pensions                                             | 8,951            |
| Increase (decrease) in:                                                               |                  |
| Accounts payable and accrued liabilities                                              | 36,828           |
| Customers deposits                                                                    | 2,207            |
| Compensated absences                                                                  | (32,769)         |
| Net pension liability                                                                 | 4,066            |
| OPEB liability                                                                        | (6,369)          |
| Deferred inflows of resources - pensions                                              | (1,269)          |
| Total adjustments                                                                     | <u>199,067</u>   |
| Net cash provided by operating activities                                             | <u>\$ 10,256</u> |

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Statement of Fiduciary Net Position**  
**Fiduciary Fund**  
**Year Ended June 30, 2020**

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Exhibit 11

|                           | <u>Agency<br/>Fund</u>  |
|---------------------------|-------------------------|
| <b>Assets</b>             |                         |
| Cash and cash equivalents | <u>\$ 23,504</u>        |
| Total assets              | <u><u>\$ 23,504</u></u> |
| <b>Liabilities</b>        |                         |
| Liabilities:              |                         |
| Intergovernmental payable | <u>\$ 23,504</u>        |
| Total liabilities         | <u><u>\$ 23,504</u></u> |

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**NOTES TO THE FINANCIAL STATEMENTS**

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# TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

## Notes to Financial Statements

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

#### **Reporting Entity**

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

#### Pilot Mountain ABC Board

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

#### Pilot Mountain Tourism Development Authority

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

#### **Basis of Presentation**

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

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

Separate financial statements are provided for fiduciary funds even though they are excluded from the government-wide financial statements.

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

The Town reports the following major governmental funds:

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

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

The Town reports the following non-major governmental fund:

*Streetscape Capital Project Fund* – This fund is used to account for planned upgrade to the streetscape on Main and Depot Street.

*Street Resurfacing Capital Project Fund* – This fund is used to account for resurfacing the Town's maintained streets.

The Town reports the following major enterprise fund:

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

The Town reports the following fund type:

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

Mount Pilot Now Agency Fund

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

Pilot Mountain Area Business Association Committee Agency Fund

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

**Measurement Focus and Basis of Accounting**

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

## TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

### Notes to Financial Statements

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Pilot Mountain because the tax is levied by Surry County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not to accrual because generally they are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues.

## TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

### Notes to Financial Statements

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

#### **Budgetary Data**

The Town's budgets are adopted as required by North Carolina General Statutes. An annual budget is adopted for the General and Proprietary Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Landfill Rehabilitation Project, Water/Sewer Interconnection/Regionalization Study, Lola Lane Sewer Repair Project, Sunset Sewer Project, Water/Sewer AIA Project, Wastewater Treatment Plan/Pump Station Rehab Project and Water and Sewer Infrastructure funds. The Proprietary Fund projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. All amendments must be approved by the governing board and the board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

##### Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town and its component units to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's and component units' investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

#### **Cash and Cash Equivalents**

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

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Restricted Assets**

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

Town of Pilot Mountain Restricted Cash

|                                          |                  |
|------------------------------------------|------------------|
| Governmental Activities:                 |                  |
| General Fund - Streets                   | \$ 711           |
| Total Governmental Activities            | <u>711</u>       |
| Business-Type Activities:                |                  |
| Water and Sewer Fund - Customer deposits | <u>39,807</u>    |
| Total Business-Type Activities           | <u>39,807</u>    |
| Total Restricted Cash                    | <u>\$ 40,518</u> |

**Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2019. As allowed by State law, the Town has established a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

**Allowance for Doubtful Accounts**

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years. The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2020 is net of the following allowances for doubtful accounts for taxes receivable in the amount of \$-0-.

**Inventory and Prepaid Items**

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

**Capital Assets**

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are set at \$5,000. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

**Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of 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 an item that meets this criterion which is the pension deferrals for the 2020 fiscal year. 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 two items that meet the criterion for this category – property taxes receivable and pension deferrals.

**Long-Term Obligations**

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

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

# TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

## Notes to Financial Statements

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### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

#### Compensated Absences

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

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

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

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

#### Net Position

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

#### Fund Balances

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

The governmental fund types classify fund balances as follows:

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

*Restricted for Stabilization by State statute* - 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

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Assigned fund balance – portion of fund balance that the Town intends to use for specific purposes:

*Assigned for capital projects* – portion of fund balance that has been budgeted by the Board for construction of various capital projects.

*Assigned for subsequent year's expenditures* – portion of fund balance that is appropriated by the Board in the next year's budget that is not already classified in restricted.

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

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

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

**Defined Benefit Cost-Sharing Plans**

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

## TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

### Notes to Financial Statements

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#### NOTE 2 – DETAIL NOTES ON ALL FUNDS

##### A. Assets

##### Deposits

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

At June 30, 2020, the Town's deposits had a carrying amount of \$188,396 and a bank balance of \$223,351. Of the bank balance, \$228,610 was covered by federal depository insurance and any remainder would be covered by collateral held under the pooling method. The carrying amount of deposits for and the bank balance for the ABC Board was \$381,214, Mount Pilot Now Agency Fund was \$22,702, Pilot Mountain Area Business Association Committee Agency Fund was \$802 and Tourism Development Authority was \$45,065. All of the bank balances were covered by federal depository insurance except for the ABC Board of which only \$250,000 was covered. At June 30, 2020, petty cash for the Town was \$712, ABC Board was \$1,900 and Tourism Development Authority was \$50.

##### Investments

At June 30, 2020, the Town's investment balances consisted of NC Capital Management Trust – Government Portfolio and Term Portfolio of \$1,406 and \$21, respectively. The NC Capital Management Trust – Government Portfolio had a valuation measurement method of fair value level 1 and a rating of AAAM. The NC Capital Management Trust – Term Portfolio had a valuation method of fair value level 1; maturity of 0.15 years and was unrated.

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

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

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

Credit Risk: The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investment to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The investment in the NC Capital Management Trust Government Portfolio carries a credit rating of AAAM by Standard & Poor's as of June 30, 2019, while the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. Government agencies, and in high grade money market instruments as permitted under G.S. 159-30 as amended.

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

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

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

**Capital Assets**

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2020 was as follows:

|                                             | Beginning<br>Balances | Increases      | Decreases    | Ending<br>Balances  |
|---------------------------------------------|-----------------------|----------------|--------------|---------------------|
| <b>Governmental Activities:</b>             |                       |                |              |                     |
| Capital assets not being depreciated:       |                       |                |              |                     |
| Land                                        | \$ 316,040            | \$ 20,134      | \$ -         | \$ 336,174          |
| Construction in progress                    | 292,030               | 68,244         | -            | 360,274             |
| Total capital assets not being depreciated  | <u>608,070</u>        | <u>88,378</u>  | <u>-</u>     | <u>696,448</u>      |
| Capital assets being depreciated:           |                       |                |              |                     |
| Buildings and systems                       | 2,547,542             | -              | -            | 2,547,542           |
| Machinery and equipment                     | 279,082               | 12,398         | 6,700        | 284,780             |
| Vehicles and motorized equipment            | 238,309               | 73,425         | -            | 311,734             |
| Infrastructure                              | 138,200               | -              | -            | 138,200             |
| Total capital assets being depreciated      | <u>3,203,133</u>      | <u>85,823</u>  | <u>6,700</u> | <u>3,282,256</u>    |
| Less accumulated depreciation for:          |                       |                |              |                     |
| Buildings and systems                       | 1,119,814             | 52,773         | -            | 1,172,587           |
| Machinery and equipment                     | 227,122               | 30,669         | 6,141        | 251,650             |
| Vehicles and motorized equipment            | 157,945               | 35,995         | -            | 193,940             |
| Infrastructure                              | 44,858                | 4,607          | -            | 49,465              |
| Total accumulated depreciation              | <u>1,549,739</u>      | <u>124,044</u> | <u>6,141</u> | <u>1,667,642</u>    |
| Total capital assets being depreciated, net | <u>1,653,394</u>      |                |              | <u>1,614,614</u>    |
| Government activity capital assets, net     | <u>\$ 2,261,464</u>   |                |              | <u>\$ 2,311,062</u> |

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

| <u>Depreciation expense</u> |                   |
|-----------------------------|-------------------|
| General Government          | \$ 27,533         |
| Public Safety               | 11,892            |
| Transportation              | 28,646            |
| Pilot Center                | 43,005            |
| Environmental Protection    | 12,968            |
| Total depreciation expense  | <u>\$ 124,044</u> |

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

|                                             | <u>Beginning<br/>Balances</u> | <u>Increases</u> | <u>Decreases</u> | <u>Ending<br/>Balances</u> |
|---------------------------------------------|-------------------------------|------------------|------------------|----------------------------|
| <b>Business-Type Activities:</b>            |                               |                  |                  |                            |
| <b>Water and Sewer Fund:</b>                |                               |                  |                  |                            |
| Capital assets not being depreciated:       |                               |                  |                  |                            |
| Land                                        | \$ 168,864                    | \$ -             | \$ -             | \$ 168,864                 |
| Construction in process                     | 671,267                       | 454,390          | 74,657           | 1,051,000                  |
| Total capital assets not being depreciated  | <u>840,131</u>                | <u>454,390</u>   | <u>74,657</u>    | <u>1,219,864</u>           |
| Capital assets being depreciated:           |                               |                  |                  |                            |
| Buildings and systems                       | 14,513,445                    | 68,865           | -                | 14,582,310                 |
| Machinery and equipment                     | 247,685                       | -                | -                | 247,685                    |
| Vehicles and motorized equipment            | 79,979                        | -                | -                | 79,979                     |
| Total capital assets being depreciated      | <u>14,841,109</u>             | <u>68,865</u>    | <u>-</u>         | <u>14,909,974</u>          |
| Less accumulated depreciation for:          |                               |                  |                  |                            |
| Buildings and systems                       | 9,139,284                     | 332,303          | -                | 9,471,587                  |
| Machinery and equipment                     | 169,844                       | 37,873           | -                | 207,717                    |
| Vehicles and motorized equipment            | 25,885                        | 14,850           | -                | 40,735                     |
| Total accumulated depreciation              | <u>9,335,013</u>              | <u>385,026</u>   | <u>-</u>         | <u>9,720,039</u>           |
| Total capital assets being depreciated, net | <u>5,506,096</u>              |                  |                  | <u>5,189,935</u>           |
| Business-type activity capital assets, net  | <u>\$ 6,346,227</u>           |                  |                  | <u>\$ 6,409,799</u>        |

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Discretely Presented Component Unit

Activity for the ABC Board for the year ended June 30, 2020, was as follows:

|                                         | Beginning<br>Balances | Increases | Decreases | Ending<br>Balances |
|-----------------------------------------|-----------------------|-----------|-----------|--------------------|
| Capital assets being depreciated:       |                       |           |           |                    |
| Furniture and equipment                 | \$ 94,796             | \$ 22,139 | \$ -      | \$ 116,935         |
| Total capital assets being depreciated  | 94,796                | 22,139    | -         | 116,935            |
| Less accumulated depreciation for:      |                       |           |           |                    |
| Furniture and equipment                 | 85,912                | 6,107     | -         | 92,019             |
| Total accumulated depreciation          | 85,912                | 6,107     | -         | 92,019             |
| Government activity capital assets, net | <u>\$ 8,884</u>       |           |           | <u>\$ 24,916</u>   |

**B. Liabilities**

Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

*Plan Description:* Town of Pilot Mountain, North Carolina is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and the State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at [www.osc.nc.gov](http://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).

## TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

### Notes to Financial Statements

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#### NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Pilot Mountain employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Pilot Mountain's contractually required contribution rate for the year ended June 30, 2020, was 9.7% of compensation for law enforcement officers and 9.04% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Pilot Mountain were \$73,291 for the year ended June 30, 2020.

*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, 2020, the Town reported a liability of \$326,618 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 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, 2019, the Town's proportion was 0.01196%, which was an increase of 0.00053% from its proportion measured as of June 30, 2018.

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

For the year ended June 30, 2020, the Town recognized pension expense of \$151,377. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                              | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|--------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                                           | \$ 55,925                            | \$ -                                |
| Changes of assumptions                                                                                       | 53,233                               | -                                   |
| Net difference between projected and actual earnings<br>on pension plan investments                          | 7,966                                | -                                   |
| Changes in proportion and differences between Town<br>contributions and proportionate share of contributions | 26,095                               | 2,863                               |
| Town contributions subsequent to the measurement date                                                        | 73,291                               | -                                   |
|                                                                                                              | <u>\$ 216,510</u>                    | <u>\$ 2,863</u>                     |

\$73,291 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 year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

|      |                   |
|------|-------------------|
| 2021 | \$ 64,366         |
| 2022 | 26,909            |
| 2023 | 38,483            |
| 2024 | 10,598            |
|      | <u>\$ 140,356</u> |

*Actuarial Assumptions:* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |                                                                      |
|---------------------------|----------------------------------------------------------------------|
| Inflation                 | 3.0%                                                                 |
| Salary increase           | 3.50 to 8.1%, including inflation<br>and productivity factor         |
| Investment rate of return | 7.0%, net of pension plan investment<br>expense, including inflation |

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

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 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 2.50%. All rates of return and inflation are annualized.

*Discount rate:* The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

*Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate:* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

|                                                                 | 1%<br>Decrease<br>(6.00%)   | Discount<br>Rate<br>(7.00%) | 1%<br>Increase<br>(8.00%)   |
|-----------------------------------------------------------------|-----------------------------|-----------------------------|-----------------------------|
|                                                                 | <u>                    </u> | <u>                    </u> | <u>                    </u> |
| Towns' proportionate share of the net pension liability (asset) | \$ 747,036                  | \$ 326,618                  | \$ (22,834)                 |

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

b. Law Enforcement Officers Special Separation Allowance

Plan Description

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

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

|                             |                   |
|-----------------------------|-------------------|
| LEO                         |                   |
| Retirees receiving benefits | 1                 |
| Active plan members         | 8                 |
|                             | <u>          </u> |
|                             | <u>          </u> |
|                             | 9                 |

Summary of Significant Accounting Policies

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

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

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2018 valuation. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                  |                                                            |
|------------------|------------------------------------------------------------|
| Inflation        | 2.5%                                                       |
| Salary increases | 3.50 to 7.35%, including inflation and productivity factor |
| Discount rate    | 3.26%                                                      |

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

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

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$9,253 as benefits came due for the reporting period.

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

At June 30, 2020, the Town reported a total pension liability of \$117,630. The total pension liability was measured as of June 30, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$7,205.

|                                                                                           | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|-------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
|                                                                                           | <u>          </u>                    | <u>          </u>                   |
| Differences between expected and actual experience                                        | \$ 8,320                             | \$ 77,701                           |
| Changes of assumptions                                                                    | 3,762                                | 1,927                               |
| Town benefit payments and plan administrative expense made subsequent to measurement date | 9,253                                | -                                   |
|                                                                                           | <u>\$ 21,335</u>                     | <u>\$ 79,628</u>                    |

\$9,253 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021.

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

| <u>Year Ended June 30:</u> |                    |
|----------------------------|--------------------|
| 2021                       | \$ (21,582)        |
| 2022                       | (31,615)           |
| 2023                       | (9,324)            |
| 2024                       | (5,025)            |
|                            | <u>\$ (67,546)</u> |

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 2.26 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

|                                                                 | <u>1%<br/>Decrease<br/>(2.26%)</u> | <u>Discount<br/>Rate<br/>(3.26%)</u> | <u>1%<br/>Increase<br/>(4.26%)</u> |
|-----------------------------------------------------------------|------------------------------------|--------------------------------------|------------------------------------|
| Town's proportionate share of the net pension liability (asset) | \$ 123,312                         | \$ 117,630                           | \$ 112,270                         |

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

|                                                                                               |                   |
|-----------------------------------------------------------------------------------------------|-------------------|
| Beginning balance                                                                             | \$ 149,332        |
| Service cost                                                                                  | 6,861             |
| Interest on the total pension liability                                                       | 5,267             |
| Differences between expected and actual experience measurement of the total pension liability | (36,651)          |
| Changes of assumptions or other inputs                                                        | 2,074             |
| Benefit payments                                                                              | (9,253)           |
| Ending balance of the total pension liability                                                 | <u>\$ 117,630</u> |

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

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

|                                                                                                      | <u>LGERS</u> | <u>LEOSSA</u> | <u>Total</u> |
|------------------------------------------------------------------------------------------------------|--------------|---------------|--------------|
| Pension Expense                                                                                      | \$ 151,377   | \$ 7,205      | \$ 158,582   |
| Pension Liability                                                                                    | 326,618      | 117,630       | 444,248      |
| Proportionate share of the net pension liability                                                     | 0.01196%     | n/a           |              |
| <b>Deferred of Outflows of Resources</b>                                                             |              |               |              |
| Differences between expected and actual experience                                                   | 55,925       | 8,320         | 64,245       |
| Changes of assumptions                                                                               | 53,233       | 3,762         | 56,995       |
| Net difference between projected and actual earnings on plan investments                             | 7,966        | -             | 7,966        |
| Changes in proportion and differences between contributions and proportionate share of contributions | 26,095       | -             | 26,095       |
| Benefit payments and administrative costs paid subsequent to the measurement date                    | 73,291       | 9,253         | 82,544       |
| <b>Deferred of Inflows of Resources</b>                                                              |              |               |              |
| Differences between expected and actual experience                                                   | -            | 77,701        | 77,701       |
| Changes of assumptions                                                                               | -            | 1,927         | 1,927        |
| Changes in proportion and differences between contributions and proportionate share of contributions | 2,863        | -             | 2,863        |

c. Supplemental Retirement Income Plan for Law Enforcement Officers

*Plan Description:* The Town contributes to the Supplemental Retirement Income Plan (“Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers and employees not engaged in law enforcement employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

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

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

d. Other Postemployment Benefits (OPEB)

Healthcare Benefits

*Plan Description:* Under the terms of a Town resolution, the Town administers a single employer defined benefit healthcare plan ("the Retiree Health Plan"). The plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System ("System") and have at least fifteen years of creditable service with the Town. The Town pays a percentage of the cost of coverage based upon the number of years of service for these benefits through private insurers. The Town Council may amend the benefit provisions. A separate report was not issued for the plan. The plan only has one member. The plan is deemed to be immaterial and thus no valuation was performed.

Other Employment Benefit

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

a. Pilot Mountain ABC Board Retirement Plan

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

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service. Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The ABC Board employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The ABC Board's contractually required contribution rate for the year ended June 30, 2020, was 8.95% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the ABC Board were \$4,400 for the year ended June 30, 2020.

*Refunds of Contributions.* Board employees who have terminated service as a contributing member of LGERS, may file an application for a refund of their contributions. By state law, refunds to members with at least five years of service include 4% interest. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by LGERS.

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

At June 30, 2020, the Board reported a liability of \$14,747 for its proportionate share of the net pension liability. The net pension asset was measured as of June 30, 2019. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions. The Board's proportion of the net pension asset was based on a projection of the Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Board's proportion was 0.00054%, which was a decrease of 0.00015% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Board recognized pension expense of \$6,154.

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

At June 30, 2020, the Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|                                                                                                                     | Deferred<br>Outflows of<br>Resources | Deferred<br>Inflows of<br>Resources |
|---------------------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience                                                                  | \$ 2,525                             | \$ -                                |
| Changes of assumptions                                                                                              | 2,404                                | -                                   |
| Net difference between projected and actual earnings<br>on pension plan investments                                 | 360                                  | -                                   |
| Changes in proportion and differences between<br>employer contributions and proportionate<br>share of contributions | 1,068                                | 780                                 |
| Employer contributions subsequent to the<br>measurement date                                                        | 4,400                                | -                                   |
|                                                                                                                     | <u>\$ 10,757</u>                     | <u>\$ 780</u>                       |

\$4,400 reported as deferred outflows of resources related to pensions resulting from Board contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:

|      |                 |
|------|-----------------|
| 2021 | \$ 984          |
| 2022 | 1,586           |
| 2023 | 220             |
| 2024 | -               |
| 2025 | -               |
|      | <u>\$ 2,790</u> |

*Actuarial Assumptions.* The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                                                                |                                                                      |
|----------------------------------------------------------------|----------------------------------------------------------------------|
| Inflation                                                      | 3.0%                                                                 |
| Salary increases, including inflation<br>and productive factor | 3.5 to 8.10%                                                         |
| Investment rate of return                                      | 7.0%, net of pension plan investment<br>expense, including inflation |

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2017 are summarized in the following table:

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2018 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

*Sensitivity of the Board's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Board's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Board's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

|                                                                      | 1%<br>Decrease<br>(6.00%) | Discount<br>Rate<br>(7.00%) | 1%<br>Increase<br>(8.00%) |
|----------------------------------------------------------------------|---------------------------|-----------------------------|---------------------------|
| ABC Board's proportionate share of the net pension liability (asset) | \$ 33,729                 | \$ 14,747                   | \$ (1,031)                |

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

**Deferred Outflows and Inflows of Resources**

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

|                                                                                                              | Statement of<br>Net Position |
|--------------------------------------------------------------------------------------------------------------|------------------------------|
| Benefit payments and administrative expenses for plans made subsequent to measurement date                   | \$ 73,291                    |
| Changes in assumptions                                                                                       | 56,995                       |
| Differences between expected and actual experience                                                           | 64,245                       |
| Differences between expected and actual experience                                                           | 7,966                        |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | 26,095                       |
|                                                                                                              | <u>\$ 228,592</u>            |

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

|                                                                                                                    | Statement of<br>Net Position | Statement of<br>Net Position |
|--------------------------------------------------------------------------------------------------------------------|------------------------------|------------------------------|
| Tax Receivables                                                                                                    | \$ -                         | \$ 13,287                    |
| Changes in assumptions                                                                                             | 1,927                        | -                            |
| Differences between expected and actual<br>experience                                                              | 77,701                       | -                            |
| Changes in proportion and difference between<br>employer contributions and proportionate share<br>of contributions | 2,863                        | -                            |
| <b>Total</b>                                                                                                       | <b>\$ 82,491</b>             | <b>\$ 13,287</b>             |

Risk Management

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

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

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

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

The ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has commercial property, general liability, auto liability, workmen's compensation and employee health coverage. The board also has liquor legal liability.

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

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

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

Claims, Judgments and Contingent Liabilities

As of June 30, 2020, the Town was aware of several unasserted possible claims or assessments. In the opinion of the Town's management, the ultimate effect of these matters will not have a material adverse effect on the Town's financial position.

Commitments

The Town has entered into a contract for solid waste collection expiring June 2021 for approximately \$60,000 per year.

The ABC Board has an operating lease for its facility at 630 S. Key Street, Suite C, Pilot Mountain, North Carolina. The lease expires December 31, 2024. Rental expense was \$29,517 for the year ended June 30, 2020.

The future minimum lease payments under this operating lease as at June 30, 2020, are as follows:

| <u>Year Ended June 30:</u> |                   |
|----------------------------|-------------------|
| 2021                       | \$ 29,517         |
| 2022                       | 29,960            |
| 2023                       | 30,858            |
| 2024                       | 31,784            |
| 2025                       | 16,127            |
|                            | <u>\$ 138,246</u> |

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

Long-Term Obligations

a. Loan Agreement

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

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2- DETAIL NOTES ON ALL FUNDS (Continued)

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

Loan Agreement

|                            | <u>Principal</u>  | <u>Interest</u> |
|----------------------------|-------------------|-----------------|
| <u>Year Ending June 30</u> |                   |                 |
| 2021                       | \$ 27,214         | \$ 2,798        |
| 2022                       | 27,214            | 2,098           |
| 2023                       | 27,214            | 1,398           |
| 2024                       | 27,216            | 700             |
| 2025                       | -                 | -               |
|                            | <u>\$ 108,858</u> | <u>\$ 6,994</u> |

b. General Obligation Bonds

The Town's direct placement general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due. The bonds bear interest at 5.00% per annum. In the event of a default, the Town agrees to pay to the purchaser, on demand, all outstanding principal and interest owed under the related agreement.

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

|                            | <u>Principal</u> | <u>Interest</u>  |
|----------------------------|------------------|------------------|
| <u>Year Ending June 30</u> |                  |                  |
| 2021                       | \$ 14,000        | \$ 4,900         |
| 2022                       | 14,000           | 4,200            |
| 2023                       | 14,000           | 3,500            |
| 2024                       | 14,000           | 2,800            |
| 2025                       | 14,000           | 2,100            |
| 2026-2027                  | 28,000           | 2,100            |
|                            | <u>\$ 98,000</u> | <u>\$ 19,600</u> |

c. Promissory Note

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

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

| <u>Year Ending June 30</u> | <u>Principal</u>  | <u>Interest</u>  |
|----------------------------|-------------------|------------------|
| 2021                       | \$ 29,066         | \$ 4,663         |
| 2022                       | 20,112            | 2,376            |
| 2023                       | 20,720            | 1,768            |
| 2024                       | 21,345            | 1,141            |
| 2025                       | 22,020            | 496              |
| 2026                       | -                 | -                |
|                            | <u>\$ 113,263</u> | <u>\$ 10,444</u> |

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

d. Note Payable

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

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> |
|----------------------------|------------------|-----------------|
| 2021                       | \$ 8,480         | \$ 325          |
| 2022                       | -                | -               |
|                            | <u>\$ 8,480</u>  | <u>\$ 325</u>   |

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

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

|                            | <u>Principal</u> | <u>Interest</u> |
|----------------------------|------------------|-----------------|
| <u>Year Ending June 30</u> |                  |                 |
| 2021                       | \$ 7,857         | \$ 729          |
| 2022                       | 7,857            | 545             |
| 2023                       | 7,857            | 363             |
| 2024                       | 7,858            | 182             |
| 2025                       | -                | -               |
|                            | <u>\$ 31,429</u> | <u>\$ 1,819</u> |

e. Equipment Loan Payable

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

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

| <u>Year Ending June 30</u> | <u>General Fund</u> |                 | <u>Enterprise Fund</u> |                 | <u>Total</u>     |                 |
|----------------------------|---------------------|-----------------|------------------------|-----------------|------------------|-----------------|
|                            | <u>Principal</u>    | <u>Interest</u> | <u>Principal</u>       | <u>Interest</u> | <u>Principal</u> | <u>Interest</u> |
| 2021                       | \$ 18,038           | \$ 368          | \$ 18,038              | \$ 368          | \$ 36,076        | \$ 736          |
| 2022                       | -                   | -               | -                      | -               | -                | -               |
|                            | <u>\$ 18,038</u>    | <u>\$ 368</u>   | <u>\$ 18,038</u>       | <u>\$ 368</u>   | <u>\$ 36,076</u> | <u>\$ 736</u>   |

f. Water Meter Note Payable

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

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

|                            | <u>Principal</u>  | <u>Interest</u>  |
|----------------------------|-------------------|------------------|
| <u>Year Ending June 30</u> |                   |                  |
| 2021                       | \$ 49,992         | \$ 4,799         |
| 2022                       | 51,161            | 3,631            |
| 2023                       | 52,344            | 2,448            |
| 2024                       | 56,944            | 1,238            |
| 2025                       | -                 | -                |
|                            | <u>\$ 210,441</u> | <u>\$ 12,116</u> |

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

g. Note Payable

On December 3, 2019, the Town borrowed \$73,425 from a bank to purchase two police vehicles and related vehicles. The direct placement note payables requires annual payments of \$15,709 which includes interest at 5.5% through 2025. The note is secured by the vehicles.

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

| <u>Year Ending June 30</u> | <u>Principal</u> | <u>Interest</u> |
|----------------------------|------------------|-----------------|
| 2021                       | \$ 14,028        | \$ 1,681        |
| 2022                       | 14,349           | 1,360           |
| 2023                       | 14,677           | 1,032           |
| 2024                       | 15,014           | 696             |
| 2025                       | 15,357           | 352             |
|                            | <u>\$ 73,425</u> | <u>\$ 5,121</u> |

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

g. Changes in Long-Term Liabilities

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

|                                                       | Beginning<br>Balance | Increases         | Decreases         | Ending<br>Balance | Current<br>Portion |
|-------------------------------------------------------|----------------------|-------------------|-------------------|-------------------|--------------------|
| <b>Governmental Activities:</b>                       |                      |                   |                   |                   |                    |
| Promissory note                                       | \$ 122,667           | \$ -              | \$ 9,404          | \$ 113,263        | \$ 29,066          |
| Vehicle loan payable*                                 | 16,637               | -                 | 8,157             | 8,480             | 8,480              |
| Police vehicle loan payable                           | -                    | 73,425            | -                 | 73,425            | 14,028             |
| Equipment loan payable*                               | 35,629               | -                 | 17,591            | 18,038            | 18,038             |
| Compensated absences                                  | 61,827               | 43,408            | 61,827            | 43,408            | 43,408             |
| Total pension liability (LEO)                         | 149,332              | -                 | 31,702            | 117,630           | -                  |
| Total OPEB liability                                  | 19,109               | -                 | 19,109            | -                 | -                  |
| Net pension liability (LGERS)                         | 203,369              | 51,393            | -                 | 254,762           | -                  |
| Total governmental activity<br>long-term liabilities  | <u>\$ 608,570</u>    | <u>\$ 168,226</u> | <u>\$ 147,790</u> | <u>\$ 629,006</u> | <u>\$ 113,020</u>  |
| <b>Business-Type Activities:</b>                      |                      |                   |                   |                   |                    |
| General obligation bonds*                             | \$ 112,000           | \$ -              | \$ 14,000         | \$ 98,000         | \$ 14,000          |
| Loan agreement*                                       | 136,072              | -                 | 27,214            | 108,858           | 27,214             |
| Vehicle loan payable*                                 | 39,286               | -                 | 7,857             | 31,429            | 7,857              |
| Equipment loan payable*                               | 35,629               | -                 | 17,591            | 18,038            | 18,038             |
| Water meter project*                                  | 259,317              | -                 | 48,876            | 210,441           | 49,992             |
| Compensated absences                                  | 43,957               | 11,188            | 43,957            | 11,188            | 11,188             |
| Total OPEB liability                                  | 6,369                | -                 | 6,369             | -                 | -                  |
| Net pension liability (LGERS)                         | 67,790               | 4,066             | -                 | 71,856            | -                  |
| Total business-type activity<br>long-term liabilities | <u>\$ 700,420</u>    | <u>\$ 15,254</u>  | <u>\$ 165,864</u> | <u>\$ 549,810</u> | <u>\$ 128,289</u>  |

For the governmental activities, the OPEB liability and net pension liability are generally liquidated by the general fund.

At June 30, 2020, the Town had a legal debt margin available of \$11,496,375.

Interfund Balances and Activity

Balances due to/from other funds at June 20, 2020, consist of the following:

|                                  |                   |
|----------------------------------|-------------------|
| Due from Water and Sewer Fund to |                   |
| General Fund for cash advances   | <u>\$ 840,742</u> |

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

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Net Investment in Capital Assets

|                                  | <u>Governmental</u> | <u>Business-Type</u> |
|----------------------------------|---------------------|----------------------|
| Capital assets                   | \$ 2,311,062        | \$ 6,409,799         |
| Less: long-term debt             | 139,781             | 466,766              |
| Net investment in capital assets | <u>\$ 2,171,281</u> | <u>\$ 5,943,033</u>  |

Fund Balances

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

|                                          |                   |
|------------------------------------------|-------------------|
| Total fund balance - General Fund        | \$ 537,938        |
| Less:                                    |                   |
| Stabilization by State Statute           | 162,149           |
| Streets - Powell Bill                    | 711               |
| Appropriated Fund Balance in 2020 budget | 20,000            |
| Remaining Fund Balance                   | <u>\$ 355,078</u> |

NOTE 3 - JOINTLY GOVERNED ORGANIZATIONS

The Town, in conjunction with twelve counties and sixty other municipalities established the Piedmont Triad Regional Council. The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$788 to the Council during the fiscal year ended June 30, 2020.

NOTE 4 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE 5 – GRANT REPAYMENT RECEIVABLE AND PAYABLE

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

In a prior year, the Town was advised that the third party failed its baseline employment goal and therefore is required to repay \$337,172 over 4 years to the granter. \$84,293 of this amount was repaid by the third party to the Town and the Town remitted same to the granter leaving \$252,878 outstanding at June 30, 2020. The outstanding balance is reflected in the financial statements in accordance with the repayment document which required a payment in full on June 30, 2018. No payments were made in the current year.

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 5 – GRANT REPAYMENT RECEIVABLE AND PAYABLE (Continued)

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

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

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**REQUIRED SUPPLEMENTARY FINANCIAL DATA**

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

Exhibit 12

|                                                                                             | 2020       | 2019       | 2018       | 2017       | 2016       | 2015        | 2014       |
|---------------------------------------------------------------------------------------------|------------|------------|------------|------------|------------|-------------|------------|
| Proportion of the net pension liability (asset) (%)                                         | 0.01196%   | 0.01143%   | 0.01143%   | 0.00867%   | 0.01213%   | 0.01217%    | 0.01180%   |
| Proportion of the net pension liability (asset) (\$)                                        | \$ 326,618 | \$ 271,159 | \$ 132,759 | \$ 184,006 | \$ 54,439  | \$ (71,772) | \$ 142,235 |
| Covered payroll                                                                             | 796,146    | 729,844    | 666,276    | 631,972    | 722,998    | 732,684     | 716,954    |
| Proportionate share of net pension liability (asset) as a percentage of its covered payroll | 41.02%     | 37.15%     | 19.93%     | 29.12%     | 7.53%      | -9.80%      | 19.84%     |
| Plan fiduciary net position as a percentage of the total pension liability                  | 90.86%     | 91.63%     | 94.18%     | 91.47%     | 98.09%     | 102.64%     | 94.35%     |
| <b>Contributions</b>                                                                        |            |            |            |            |            |             |            |
| Contractually required contribution                                                         | \$ 73,291  | \$ 47,769  | \$ 31,742  | \$ 50,736  | \$ 43,857  | \$ 52,139   | \$ 52,433  |
| Contributions in relation to the contractually required contribution                        | 73,291     | 47,769     | 31,742     | 50,736     | 43,857     | 52,139      | 52,433     |
| Contributions deficiency (excess)                                                           | \$ -       | \$ -       | \$ -       | \$ -       | \$ -       | \$ -        | \$ -       |
| Covered payroll                                                                             | \$ 786,408 | \$ 796,146 | \$ 729,844 | \$ 666,276 | \$ 631,972 | \$ 722,998  | \$ 732,684 |
| Contributions as a percentage of covered payroll                                            | 9.32%      | 6.00%      | 4.35%      | 7.61%      | 6.94%      | 7.21%       | 7.16%      |

Note This information was not available prior to fiscal year 2014. This will become a 10-year schedule.

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Law Enforcement Officers' Special Separation Allowance**  
**Schedule of Changes in Total Pension Liability**  
**Required Supplementary Information**  
**June 30, 2020**

Exhibit 13

|                                                                                                         | 2020              | 2019              | 2018              | 2017              |
|---------------------------------------------------------------------------------------------------------|-------------------|-------------------|-------------------|-------------------|
| Beginning balance                                                                                       | \$ 149,332        | \$ 250,078        | \$ 202,902        | \$ 206,573        |
| Service cost                                                                                            | 6,861             | 6,600             | 6,645             | 8,294             |
| Interest on the total pension liability                                                                 | 5,267             | 7,647             | 7,520             | 7,086             |
| Differences between expected and actual experience<br>in the measurement of the total pension liability | (36,651)          | (95,883)          | 39,139            | -                 |
| Changes of assumptions or other inputs                                                                  | 2,074             | (2,961)           | 10,021            | (2,902)           |
| Benefit payments                                                                                        | (9,253)           | (16,149)          | (16,149)          | (16,149)          |
| Ending balance of the total pension liability                                                           | <u>\$ 117,630</u> | <u>\$ 149,332</u> | <u>\$ 250,078</u> | <u>\$ 202,902</u> |

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

**Schedule of Total Pension Liability as a Percentage of Covered Payroll**

|                                                            |            |            |            |            |
|------------------------------------------------------------|------------|------------|------------|------------|
| Total pension liability                                    | \$ 117,630 | \$ 149,332 | \$ 250,078 | \$ 202,902 |
| Covered payroll                                            | 337,983    | 327,564    | 279,200    | 313,814    |
| Total pension liability as a percentage of covered payroll | 34.80%     | 45.59%     | 89.57%     | 64.66%     |

Notes to the Schedules:

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

**INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund**  
**Year Ended June 30, 2020**

**Statement 1**  
**Page 1 of 4**

|                                 | Budget     | Actual     | Variance<br>Positive<br>(Negative) |
|---------------------------------|------------|------------|------------------------------------|
| <b>Revenues:</b>                |            |            |                                    |
| Ad valorem taxes:               |            |            |                                    |
| Taxes                           |            | \$ 806,878 |                                    |
| Interest                        |            | 6,729      |                                    |
| Total                           | \$ 864,490 | 813,607    | \$ (50,883)                        |
| Unrestricted intergovernmental: |            |            |                                    |
| Local option sales taxes        |            | 487,324    |                                    |
| Utilities sales tax             |            | 113,637    |                                    |
| Beer and wine tax               |            | 6,820      |                                    |
| Court fees and charges          |            | 5,930      |                                    |
| Total                           | 738,510    | 613,711    | (124,799)                          |
| Restricted intergovernmental:   |            |            |                                    |
| Powell Bill allocation          |            | 43,583     |                                    |
| ABC revenue for law enforcement |            | 3,514      |                                    |
| ABC store profit sharing        |            | 50,000     |                                    |
| Solid waste disposal tax        |            | 1,148      |                                    |
| Grant income                    |            | 975        |                                    |
| Total                           | 97,980     | 99,220     | 1,240                              |
| Permits and fees:               |            |            |                                    |
| Inspection and zoning           |            | 2,155      |                                    |
| Total                           | 2,000      | 2,155      | 155                                |
| Miscellaneous:                  |            |            |                                    |
| Cemetery income                 |            | 11,800     |                                    |
| Rental income                   |            | 11,950     |                                    |
| Sanitation fees                 |            | 74,910     |                                    |
| Miscellaneous                   |            | 141,520    |                                    |
| Total                           | 271,560    | 240,180    | (31,380)                           |
| Investment earnings             | 5,550      | 577        | (4,973)                            |
| Total Revenues                  | 1,980,090  | 1,769,450  | (210,640)                          |
| <b>Expenditures:</b>            |            |            |                                    |
| General government:             |            |            |                                    |
| Governing body:                 |            |            |                                    |
| Salaries and employee benefits  |            | 17,640     |                                    |
| Other operating expenditures    |            | 192,773    |                                    |
| Total                           |            | 210,413    |                                    |

(Continued)

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund (Continued)**  
**Year Ended June 30, 2020**

|                                  | <u>Budget</u>  | <u>Actual</u>  | <u>Variance<br/>Positive<br/>(Negative)</u> |
|----------------------------------|----------------|----------------|---------------------------------------------|
| <b>Expenditures (Continued):</b> |                |                |                                             |
| General government (Continued):  |                |                |                                             |
| Administration:                  |                |                |                                             |
| Salaries and employee benefits   |                | 181,530        |                                             |
| Professional services            |                | 22,619         |                                             |
| Supplies                         |                | 19,354         |                                             |
| Travel and training              |                | 10,808         |                                             |
| Postage                          |                | 931            |                                             |
| Utilities                        |                | 7,584          |                                             |
| Maintenance and repairs          |                | 28,452         |                                             |
| Contracted services              |                | 14,853         |                                             |
| Insurance and bonds              |                | 8,791          |                                             |
| Dues and subscriptions           |                | 1,514          |                                             |
| Miscellaneous                    |                | 3,247          |                                             |
| Capital Outlay                   |                | 20,134         |                                             |
| Total                            |                | <u>319,817</u> |                                             |
| Total general government         | <u>530,625</u> | <u>530,230</u> | <u>395</u>                                  |
| Public Safety:                   |                |                |                                             |
| Police department:               |                |                |                                             |
| Salaries and employee benefits   |                | 575,687        |                                             |
| Supplies                         |                | 22,698         |                                             |
| Uniforms                         |                | 2,931          |                                             |
| Automotive supplies              |                | 15,089         |                                             |
| Travel and training              |                | 2,513          |                                             |
| Telephone, postage and printing  |                | 8,908          |                                             |
| Utilities                        |                | 6,470          |                                             |
| Maintenance and repairs          |                | -              |                                             |
| Contracted services              |                | 12,357         |                                             |
| Insurance and bonds              |                | 22,275         |                                             |
| Dues and subscription            |                | 789            |                                             |
| Contribution to rescue           |                | 12,000         |                                             |
| Miscellaneous                    |                | 6,493          |                                             |
| Capital outlay                   |                | 88,530         |                                             |
| Total                            |                | <u>776,740</u> |                                             |
| Total public safety              | <u>776,740</u> | <u>776,740</u> | <u>-</u>                                    |

(Continued)

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund (Continued)**  
**Year Ended June 30, 2020**

|                                  | <u>Budget</u>  | <u>Actual</u>  | <u>Variance<br/>Positive<br/>(Negative)</u> |
|----------------------------------|----------------|----------------|---------------------------------------------|
| <b>Expenditures (Continued):</b> |                |                |                                             |
| Transportation:                  |                |                |                                             |
| Public works:                    |                |                |                                             |
| Salaries and employee benefits   |                | 47,977         |                                             |
| Supplies                         |                | 6,229          |                                             |
| Utilities                        |                | 40,528         |                                             |
| Maintenance and repairs          |                | 5,178          |                                             |
| Contracted services              |                | 5,357          |                                             |
| Insurance                        |                | 3,722          |                                             |
| Rents                            |                | 780            |                                             |
| Miscellaneous                    |                | 836            |                                             |
| Capital outlay                   |                | 6,500          |                                             |
| Total                            |                | <u>117,107</u> |                                             |
| Total transportation             | <u>117,107</u> | <u>117,107</u> | -                                           |
| Economic development:            |                |                |                                             |
| Salaries and employee benefits   |                | 43,229         |                                             |
| Supplies                         |                | 31,482         |                                             |
| Insurance                        |                | 3,450          |                                             |
| Contracted services              |                | 21,003         |                                             |
| Professional services            |                | 21,852         |                                             |
| Special events                   |                | 27,578         |                                             |
| Miscellaneous                    |                | 130,697        |                                             |
| Total economic development       | <u>279,291</u> | <u>279,291</u> | -                                           |
| Environmental protection:        |                |                |                                             |
| Sanitation:                      |                |                |                                             |
| Salaries and employee benefits   |                | 117,804        |                                             |
| Supplies                         |                | 1,009          |                                             |
| Utilities                        |                | 2,532          |                                             |
| Maintenance and repairs          |                | 3,581          |                                             |
| Insurance                        |                | 4,608          |                                             |
| Contracted services              |                | 77,594         |                                             |
| Miscellaneous                    |                | 9,314          |                                             |
| Capital outlay                   |                | 5,898          |                                             |
| Total                            |                | <u>222,340</u> |                                             |
| Total environmental protection   | <u>222,340</u> | <u>222,340</u> | -                                           |

(Continued)

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual**  
**General Fund (Continued)**  
**Year Ended June 30, 2020**

|                                        | <u>Budget</u>    | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|----------------------------------------|------------------|-------------------|---------------------------------------------|
| <b>Expenditures (Continued):</b>       |                  |                   |                                             |
| Cultural and recreation:               |                  |                   |                                             |
| Library:                               |                  |                   |                                             |
| Contributions                          |                  | 35,000            |                                             |
| Maintenance and repairs                |                  | 546               |                                             |
| Insurance                              |                  | 2,055             |                                             |
| Pilot Center:                          |                  |                   |                                             |
| Utilities                              |                  | 14,224            |                                             |
| Maintenance and repairs                |                  | 5,492             |                                             |
| Insurance                              |                  | 2,055             |                                             |
| Contracted services                    |                  | 815               |                                             |
| Total cultural and recreation          | <u>60,187</u>    | <u>60,187</u>     | <u>-</u>                                    |
| Debt service:                          |                  |                   |                                             |
| Principal                              |                  | 35,151            |                                             |
| Interest and other charges             |                  | 3,219             |                                             |
| Total debt service                     | <u>49,620</u>    | <u>38,370</u>     | <u>11,250</u>                               |
| Total expenditures                     | <u>2,035,910</u> | <u>2,024,265</u>  | <u>11,645</u>                               |
| Revenue over (under) expenditures      | <u>(55,820)</u>  | <u>(254,815)</u>  | <u>(198,995)</u>                            |
| <b>Other financing sources (uses):</b> |                  |                   |                                             |
| Transfers to other funds               | (39,940)         | (17,850)          | 22,090                                      |
| Proceeds from capital lease            | 74,000           | 73,425            | (575)                                       |
| Sale of capital assets                 | 8,500            | 7,310             | (1,190)                                     |
| Total other financing sources (uses)   | <u>42,560</u>    | <u>62,885</u>     | <u>20,325</u>                               |
| Fund balance appropriated              | <u>13,260</u>    | <u>-</u>          | <u>(13,260)</u>                             |
| Net change in fund balance             | <u>\$ -</u>      | <u>(191,930)</u>  | <u>\$ (191,930)</u>                         |
| Fund balances, beginning               |                  | <u>729,868</u>    |                                             |
| Fund balances, ending                  |                  | <u>\$ 537,938</u> |                                             |

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Combining Statement of Net Position**  
**Nonmajor Governmental Funds**  
**June 30, 2020**

**Statement 2**

|                                                                       | <u>Capital Project Funds</u> |                               | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
|-----------------------------------------------------------------------|------------------------------|-------------------------------|------------------------------------------------------|
|                                                                       | <u>Streetscape</u>           | <u>Street<br/>Resurfacing</u> |                                                      |
| <b>Assets</b>                                                         |                              |                               |                                                      |
| Cash and cash equivalents                                             | \$ 5,104                     | \$ 6,019                      | \$ 11,123                                            |
| Total assets                                                          | <u>\$ 5,104</u>              | <u>\$ 6,019</u>               | <u>\$ 11,123</u>                                     |
| <b>Liabilities</b>                                                    |                              |                               |                                                      |
| Accounts payable and accrued liabilities                              | \$ -                         | \$ -                          | \$ -                                                 |
| Total liabilities                                                     | <u>-</u>                     | <u>-</u>                      | <u>-</u>                                             |
| <b>Fund Balances</b>                                                  |                              |                               |                                                      |
| Assigned:                                                             |                              |                               |                                                      |
| Capital project funds                                                 | 5,104                        | 6,019                         | 11,123                                               |
| Total fund balances                                                   | <u>5,104</u>                 | <u>6,019</u>                  | <u>11,123</u>                                        |
| Total liabilities, deferred inflows of resources<br>and fund balances | <u>\$ 5,104</u>              | <u>\$ 6,019</u>               | <u>\$ 11,123</u>                                     |

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2020**

**Statement 3**

|                                              | <u>Capital Project Funds</u> |                               | <u>Total<br/>Nonmajor<br/>Governmental<br/>Funds</u> |
|----------------------------------------------|------------------------------|-------------------------------|------------------------------------------------------|
|                                              | <u>Streetscape</u>           | <u>Street<br/>Resurfacing</u> |                                                      |
| <b>Revenues</b>                              |                              |                               |                                                      |
| Unrestricted intergovernmental               | \$ -                         | \$ -                          | \$ -                                                 |
| Total revenues                               | <u>-</u>                     | <u>-</u>                      | <u>-</u>                                             |
| <b>Expenditures</b>                          |                              |                               |                                                      |
| Current:                                     |                              |                               |                                                      |
| Transportation                               | 40,419                       | 11,485                        | 51,904                                               |
| Total expenditures                           | <u>40,419</u>                | <u>11,485</u>                 | <u>51,904</u>                                        |
| Excess of revenues over (under) expenditures | <u>(40,419)</u>              | <u>(11,485)</u>               | <u>(51,904)</u>                                      |
| <b>Other Financing Sources</b>               |                              |                               |                                                      |
| Transfers from other funds                   | 17,850                       | -                             | 17,850                                               |
| Total other financing sources                | <u>17,850</u>                | <u>-</u>                      | <u>17,850</u>                                        |
| Net change in fund balances                  | <u>(22,569)</u>              | <u>(11,485)</u>               | <u>(34,054)</u>                                      |
| Fund balances, beginning                     | <u>27,673</u>                | <u>17,504</u>                 | <u>45,177</u>                                        |
| Fund balances, ending                        | <u>\$ 5,104</u>              | <u>\$ 6,019</u>               | <u>\$ 11,123</u>                                     |

Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual (Non-GAAP) - Capital Projects Fund - Landfill Rehabilitation Project  
 From Inception and for the Fiscal Year Ended June 30, 2020

|                               | Project<br>Authorization | Prior<br>Years    | Actual<br>Current<br>Year | Total to<br>Date | Variance<br>Positive<br>(Negative) |
|-------------------------------|--------------------------|-------------------|---------------------------|------------------|------------------------------------|
| <b>Revenues:</b>              |                          |                   |                           |                  |                                    |
| Restricted intergovernmental: |                          |                   |                           |                  |                                    |
| Division of Waste Management  |                          |                   |                           |                  |                                    |
| grant                         | \$ 143,554               | \$ 142,208        | \$ 18,608                 | \$ 160,816       | \$ 17,262                          |
| Total revenues                | <u>143,554</u>           | <u>142,208</u>    | <u>18,608</u>             | <u>160,816</u>   | <u>17,262</u>                      |
| <b>Expenditures:</b>          |                          |                   |                           |                  |                                    |
| Capital outlay                | 143,554                  | 144,281           | 16,340                    | 160,621          | 17,067                             |
| Total expenditures            | <u>143,554</u>           | <u>144,281</u>    | <u>16,340</u>             | <u>160,621</u>   | <u>17,067</u>                      |
| Net change in fund balance    | <u>\$ -</u>              | <u>\$ (2,073)</u> | 2,268                     | <u>\$ 195</u>    | <u>\$ 195</u>                      |
| Fund balances, beginning      |                          |                   | (2,268)                   |                  |                                    |
| Fund balances, ending         |                          |                   | <u>\$ -</u>               |                  |                                    |

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual (Non-GAAP) - Capital Projects Fund - Streetscape Project**  
**From Inception and for the Fiscal Year Ended June 30, 2020**

**Statement 5**

|                                                 | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total to<br>Date | Variance<br>Positive<br>(Negative) |
|-------------------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------------------|
| <b>Revenues:</b>                                |                          |                |                           |                  |                                    |
| Unrestricted intergovernmental:                 |                          |                |                           |                  |                                    |
| Department of Commerce grant                    | \$ 50,000                | \$ 50,000      | -                         | \$ 50,000        | -                                  |
| Total revenues                                  | 50,000                   | 50,000         | -                         | 50,000           | -                                  |
| <b>Expenditures:</b>                            |                          |                |                           |                  |                                    |
| Professional services                           | 79,350                   | 33,827         | 26,123                    | 59,950           | (19,400)                           |
| Planning                                        | -                        | -              | 14,296                    | 14,296           | 14,296                             |
| Total expenditures                              | 79,350                   | 33,827         | 40,419                    | 74,246           | (5,104)                            |
| Excess of revenues<br>over (under) expenditures | (29,350)                 | 16,173         | (40,419)                  | (24,246)         | 5,104                              |
| <b>Other financing sources (uses):</b>          |                          |                |                           |                  |                                    |
| Transfers from other funds:                     |                          |                |                           |                  |                                    |
| General fund                                    | 29,350                   | 11,500         | 17,850                    | 29,350           | -                                  |
| Total other financing sources (uses)            | 29,350                   | 11,500         | 17,850                    | 29,350           | -                                  |
| Net change in fund balance                      | \$ -                     | \$ 27,673      | (22,569)                  | \$ 5,104         | \$ 5,104                           |
| Fund balances, beginning                        |                          |                | 27,673                    |                  |                                    |
| Fund balances, ending                           |                          |                | \$ 5,104                  |                  |                                    |

Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual (Non-GAAP) - Capital Projects Fund - Street Resurfacing Project  
 From Inception and for the Fiscal Year Ended June 30, 2020

|                                 | Project<br>Authorization | Prior<br>Years   | Actual<br>Current<br>Year | Total to<br>Date | Variance<br>Positive<br>(Negative) |
|---------------------------------|--------------------------|------------------|---------------------------|------------------|------------------------------------|
| <b>Expenditures:</b>            |                          |                  |                           |                  |                                    |
| Architectural and engineering   | \$ 10,000                | \$ 17,249        | \$ 11,485                 | \$ 28,734        | \$ 18,734                          |
| Construction                    | 128,000                  | 104,247          | -                         | 104,247          | (23,753)                           |
| Total expenditures              | <u>138,000</u>           | <u>121,496</u>   | <u>11,485</u>             | <u>132,981</u>   | <u>(5,019)</u>                     |
| <b>Other financing sources:</b> |                          |                  |                           |                  |                                    |
| Transfers from other funds:     |                          |                  |                           |                  |                                    |
| General fund                    | 138,000                  | 139,000          | -                         | 139,000          | 1,000                              |
| Total other financing sources   | <u>138,000</u>           | <u>139,000</u>   | <u>-</u>                  | <u>139,000</u>   | <u>1,000</u>                       |
| Net change in fund balance      | <u>\$ -</u>              | <u>\$ 17,504</u> | (11,485)                  | <u>\$ 6,019</u>  | <u>\$ 6,019</u>                    |
| Fund balances, beginning        |                          |                  | <u>17,504</u>             |                  |                                    |
| Fund balances, ending           |                          |                  | <u>\$ 6,019</u>           |                  |                                    |

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual (Non-GAAP) - Water and Sewer Fund**  
**Year Ended June 30, 2020**

**Statement 7**  
**Page 1 of 3**

|                            | <u>Budget</u>  | <u>Actual</u>  | <u>Variance<br/>Positive<br/>(Negative)</u> |
|----------------------------|----------------|----------------|---------------------------------------------|
| <b>Revenues:</b>           |                |                |                                             |
| Water sales                | \$ 497,000     | \$ 485,555     | \$ (11,445)                                 |
| Sewer charges              | 375,000        | 345,723        | (29,277)                                    |
| Water and sewer taps       | -              | 3,245          | 3,245                                       |
| Other operating revenues   | 78,740         | 80,577         | 1,837                                       |
| Total operating revenues   | <u>950,740</u> | <u>915,100</u> | <u>(35,640)</u>                             |
| Total revenues             | <u>950,740</u> | <u>915,100</u> | <u>(35,640)</u>                             |
| <b>Expenditures:</b>       |                |                |                                             |
| Sewer department:          |                |                |                                             |
| Professional services      |                | 12,638         |                                             |
| Utilities                  |                | 76,220         |                                             |
| Maintenance and repairs    |                | 16,162         |                                             |
| Chemicals                  |                | 5,562          |                                             |
| Supplies                   |                | 2,359          |                                             |
| Contracted services        |                | 97,965         |                                             |
| Insurance and bonds        |                | 2,800          |                                             |
| Miscellaneous              |                | 1,036          |                                             |
| Total sewer department     |                | <u>214,742</u> |                                             |
| Water administration:      |                |                |                                             |
| Salaries and benefits      |                | 90,516         |                                             |
| Professional services      |                | 33,282         |                                             |
| Utilities                  |                | 876            |                                             |
| Supplies                   |                | 3,036          |                                             |
| Insurance and bonds        |                | 3,024          |                                             |
| Miscellaneous              |                | 8,070          |                                             |
| Total water administration |                | <u>138,804</u> |                                             |

(Continued)

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual (Non-GAAP) - Water and Sewer Fund (Continued)**  
**Year Ended June 30, 2020**

**Statement 7**  
**Page 2 of 3**

|                                    | <u>Budget</u>  | <u>Actual</u>  | <u>Variance<br/>Positive<br/>(Negative)</u> |
|------------------------------------|----------------|----------------|---------------------------------------------|
| Sewer treatment:                   |                |                |                                             |
| Salaries and employee benefits     |                | \$ 98,497      |                                             |
| Professional services              |                | 6,681          |                                             |
| Utilities                          |                | 43,687         |                                             |
| Maintenance and repairs            |                | 7,081          |                                             |
| Chemicals                          |                | 17,525         |                                             |
| Supplies                           |                | 1,989          |                                             |
| Contracted services                |                | 25,283         |                                             |
| Insurance and bonds                |                | 5,190          |                                             |
| Miscellaneous                      |                | 3,516          |                                             |
| Total sewer treatment              |                | <u>209,449</u> |                                             |
| Line maintenance:                  |                |                |                                             |
| Salaries and employee benefits     |                | 55,217         |                                             |
| Professional services              |                | 14             |                                             |
| Utilities                          |                | 1,658          |                                             |
| Maintenance and repairs            |                | 38,904         |                                             |
| Supplies                           |                | 10,703         |                                             |
| Contracted services                |                | 6,823          |                                             |
| Insurance and bonds                |                | 4,806          |                                             |
| Miscellaneous                      |                | 58,622         |                                             |
| Total line maintenance             |                | <u>176,747</u> |                                             |
| Debt service:                      |                |                |                                             |
| Interest and other charges         |                | 16,649         |                                             |
| Principal retirement               |                | 115,538        |                                             |
| Total debt service                 |                | <u>132,187</u> |                                             |
| Capital outlay:                    |                |                |                                             |
| Capital outlay                     |                | 6,623          |                                             |
| Total capital outlay               |                | <u>6,623</u>   |                                             |
| Total expenditures                 | <u>906,480</u> | <u>878,552</u> | <u>27,928</u>                               |
| Revenues over (under) expenditures | <u>44,260</u>  | <u>36,548</u>  | <u>(7,712)</u>                              |

(Continued)

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual (Non-GAAP) - Water and Sewer Fund (Continued)**  
**Year Ended June 30, 2020**

|                                                                            | <u>Budget</u>   | <u>Actual</u>     | <u>Variance<br/>Positive<br/>(Negative)</u> |
|----------------------------------------------------------------------------|-----------------|-------------------|---------------------------------------------|
| Other financing sources (uses):                                            |                 |                   |                                             |
| Transfers to other funds                                                   | (54,990)        | 72,943            | 127,933                                     |
| Total other financing sources (uses)                                       | <u>(54,990)</u> | <u>72,943</u>     | <u>127,933</u>                              |
| Fund balance appropriated                                                  | <u>10,730</u>   | <u>-</u>          | <u>(10,730)</u>                             |
| Revenues and other sources over (under) expenditures<br>and other uses     | <u>\$ -</u>     | <u>\$ 109,491</u> | <u>\$ 109,491</u>                           |
| Reconciliation from budgetary basis<br>(modified accrual) to full accrual: |                 |                   |                                             |
| Reconciling items:                                                         |                 |                   |                                             |
| Principal retirement                                                       |                 | 115,538           |                                             |
| Capital project fund expenditures                                          |                 | (454,390)         |                                             |
| Capital outlay                                                             |                 | 448,020           |                                             |
| Transfers from capital project funds                                       |                 | (72,943)          |                                             |
| State grants                                                               |                 | 693,228           |                                             |
| Depreciation                                                               |                 | (385,025)         |                                             |
| Increases in receivables                                                   |                 | 6,459             |                                             |
| Decrease in accrued vacation pay                                           |                 | 32,769            |                                             |
| Decrease in deferred outflows of resources - pensions                      |                 | (8,951)           |                                             |
| Decrease in deferred inflows of resources - pensions                       |                 | 1,269             |                                             |
| Increase in net pension liability                                          |                 | (4,066)           |                                             |
| Decrease in OPEB liability                                                 |                 | 6,369             |                                             |
| Total reconciling items                                                    |                 | <u>378,277</u>    |                                             |
| Change in net position                                                     |                 | <u>\$ 487,768</u> |                                             |

Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual (Non-GAAP) - Capital Projects Fund - Water/Sewer Interconnection/  
 Regionalization Study  
 From Inception and for the Fiscal Year Ended June 30, 2020

|                                        | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total to<br>Date | Variance<br>Positive<br>(Negative) |
|----------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------------------|
| <b>Revenues:</b>                       |                          |                |                           |                  |                                    |
| Restricted intergovernmental:          |                          |                |                           |                  |                                    |
| State grants                           | \$ 3,900,000             | \$ 290,450     | \$ 122,080                | \$ 412,530       | \$ (3,487,470)                     |
| Total revenues                         | <u>3,900,000</u>         | <u>290,450</u> | <u>122,080</u>            | <u>412,530</u>   | <u>(3,487,470)</u>                 |
| <b>Expenditures:</b>                   |                          |                |                           |                  |                                    |
| Capital outlay                         | 3,978,000                | 290,450        | 104,655                   | 395,105          | 3,582,895                          |
| Total expenditures                     | <u>3,978,000</u>         | <u>290,450</u> | <u>104,655</u>            | <u>395,105</u>   | <u>3,582,895</u>                   |
| <b>Other financing sources (uses):</b> |                          |                |                           |                  |                                    |
| Transfers from other funds:            |                          |                |                           |                  |                                    |
| Capital reserve fund                   | 78,000                   | -              | -                         | -                | (78,000)                           |
| Total other financing sources (uses)   | <u>78,000</u>            | <u>-</u>       | <u>-</u>                  | <u>-</u>         | <u>(78,000)</u>                    |
| Revenues over expenditures             | <u>\$ -</u>              | <u>\$ -</u>    | <u>\$ 17,425</u>          | <u>\$ 17,425</u> | <u>\$ 17,425</u>                   |

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

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

From Inception and for the Fiscal Year Ended June 30, 2020

|                                              | Project<br>Authorization | Actual         |                 | Total to<br>Date | Variance<br>Positive<br>(Negative) |
|----------------------------------------------|--------------------------|----------------|-----------------|------------------|------------------------------------|
|                                              |                          | Prior<br>Years | Current<br>Year |                  |                                    |
| <b>Expenditures:</b>                         |                          |                |                 |                  |                                    |
| Capital outlay                               | \$ 64,050                | \$ 61,325      | \$ -            | \$ 61,325        | \$ 2,725                           |
| Total expenditures                           | 64,050                   | 61,325         | -               | 61,325           | 2,725                              |
| <b>Other financing sources (uses):</b>       |                          |                |                 |                  |                                    |
| Transfers from (to) other funds:             |                          |                |                 |                  |                                    |
| General fund                                 | 9,620                    | 9,621          | -               | 9,621            | 1                                  |
| Water and sewer fund                         | 54,430                   | 54,990         | -               | 54,990           | 560                                |
| Total other financing sources                | 64,050                   | 64,611         | -               | 64,611           | 561                                |
| Other financing sources<br>over expenditures | \$ -                     | \$ 3,286       | \$ -            | \$ 3,286         | \$ 3,286                           |

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual (Non-GAAP) - Capital Projects Fund - Sunset Sewer**  
**From Inception and for the Fiscal Year Ended June 30, 2020**

**Statement 10**

|                                                      | Project<br>Authorization | Prior<br>Years      | Actual<br>Current<br>Year | Total to<br>Date | Variance<br>Positive<br>(Negative) |
|------------------------------------------------------|--------------------------|---------------------|---------------------------|------------------|------------------------------------|
| <b>Revenues:</b>                                     |                          |                     |                           |                  |                                    |
| Restricted intergovernmental:                        |                          |                     |                           |                  |                                    |
| State grants                                         | \$ 2,528,784             | \$ -                | \$ 361,297                | \$ 361,297       | \$ (2,167,487)                     |
| Total revenues                                       | <u>2,528,784</u>         | <u>-</u>            | <u>361,297</u>            | <u>361,297</u>   | <u>(2,167,487)</u>                 |
| <b>Expenditures:</b>                                 |                          |                     |                           |                  |                                    |
| Capital outlay                                       | 2,528,784                | 264,130             | 134,884                   | 399,014          | 2,129,770                          |
| Total expenditures                                   | <u>2,528,784</u>         | <u>264,130</u>      | <u>134,884</u>            | <u>399,014</u>   | <u>2,129,770</u>                   |
| <b>Other financing sources:</b>                      |                          |                     |                           |                  |                                    |
| Transfers from other funds:                          |                          |                     |                           |                  |                                    |
| Water and sewer fund                                 | -                        | 44,254              | -                         | 44,254           | 44,254                             |
| Total other financing sources                        | <u>-</u>                 | <u>44,254</u>       | <u>-</u>                  | <u>44,254</u>    | <u>44,254</u>                      |
| Other financing sources over<br>(under) expenditures | <u>\$ -</u>              | <u>\$ (219,876)</u> | <u>\$ 226,413</u>         | <u>\$ 6,537</u>  | <u>\$ 6,537</u>                    |

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**Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
Budget and Actual (Non-GAAP) - Capital Projects Fund - Water/Sewer AIA Project  
From Inception and for the Fiscal Year Ended June 30, 2020**

|                                           | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total to<br>Date | Variance<br>Positive<br>(Negative) |
|-------------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------------------|
| <b>Revenues:</b>                          |                          |                |                           |                  |                                    |
| Restricted intergovernmental:             |                          |                |                           |                  |                                    |
| State grants                              | \$ 300,000               | \$ -           | \$ 157,245                | \$ 157,245       | \$ (142,755)                       |
| Total revenues                            | <u>300,000</u>           | <u>-</u>       | <u>157,245</u>            | <u>157,245</u>   | <u>(142,755)</u>                   |
| <b>Expenditures:</b>                      |                          |                |                           |                  |                                    |
| Capital outlay                            | 305,000                  | -              | 162,245                   | 162,245          | 142,755                            |
| Total expenditures                        | <u>305,000</u>           | <u>-</u>       | <u>162,245</u>            | <u>162,245</u>   | <u>142,755</u>                     |
| <b>Other financing sources:</b>           |                          |                |                           |                  |                                    |
| Transfers from other funds:               |                          |                |                           |                  |                                    |
| Water and sewer fund                      | 5,000                    | -              | 5,000                     | 5,000            | -                                  |
| Total other financing sources             | <u>5,000</u>             | <u>-</u>       | <u>5,000</u>              | <u>5,000</u>     | <u>-</u>                           |
| Other financing sources over expenditures | <u>\$ -</u>              | <u>\$ -</u>    | <u>\$ -</u>               | <u>\$ -</u>      | <u>\$ -</u>                        |

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

Budget and Actual (Non-GAAP) - Capital Projects Fund - Wastewater Trmt. Plant/Pump Station Rehab Project  
 From Inception and for the Fiscal Year Ended June 30, 2020

|                                           | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total to<br>Date | Variance<br>Positive<br>(Negative) |
|-------------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------------------|
| <b>Revenues:</b>                          |                          |                |                           |                  |                                    |
| Restricted intergovernmental:             |                          |                |                           |                  |                                    |
| State grants                              | \$ 1,350,000             | \$ -           | \$ 52,606                 | \$ 52,606        | \$ (1,297,394)                     |
| Total revenues                            | <u>1,350,000</u>         | <u>-</u>       | <u>52,606</u>             | <u>52,606</u>    | <u>(1,297,394)</u>                 |
| <b>Expenditures:</b>                      |                          |                |                           |                  |                                    |
| Capital outlay                            | 1,374,500                | -              | 52,606                    | 52,606           | 1,321,894                          |
| Total expenditures                        | <u>1,374,500</u>         | <u>-</u>       | <u>52,606</u>             | <u>52,606</u>    | <u>1,321,894</u>                   |
| <b>Other financing sources:</b>           |                          |                |                           |                  |                                    |
| Transfers from other funds:               |                          |                |                           |                  |                                    |
| Water and sewer fund                      | 24,500                   | -              | -                         | -                | (24,500)                           |
| Total other financing sources             | <u>24,500</u>            | <u>-</u>       | <u>-</u>                  | <u>-</u>         | <u>(24,500)</u>                    |
| Other financing sources over expenditures | <u>\$ -</u>              | <u>\$ -</u>    | <u>\$ -</u>               | <u>\$ -</u>      | <u>\$ -</u>                        |

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Combining Statement of Fiduciary Net Position**  
**Fiduciary Funds**  
**June 30, 2020**

**Statement 13**

|                           | <u>Mount Pilot<br/>Now Agency<br/>Fund</u> | <u>Pilot Mountain<br/>Area Business<br/>Association<br/>Committee<br/>Agency Fund</u> | <u>Total</u>     |
|---------------------------|--------------------------------------------|---------------------------------------------------------------------------------------|------------------|
| <b>Assets</b>             |                                            |                                                                                       |                  |
| Cash and cash equivalents | \$ 22,702                                  | \$ 802                                                                                | \$ 23,504        |
| Total assets              | <u>\$ 22,702</u>                           | <u>\$ 802</u>                                                                         | <u>\$ 23,504</u> |
| <b>Liabilities</b>        |                                            |                                                                                       |                  |
| Liabilities:              |                                            |                                                                                       |                  |
| Intergovernmental payable | \$ 22,702                                  | \$ 802                                                                                | \$ 23,504        |
| Total liabilities         | <u>\$ 22,702</u>                           | <u>\$ 802</u>                                                                         | <u>\$ 23,504</u> |

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Statement of Changes in Assets and Liabilities**  
**Mount Pilot Now Agency Fund**  
**June 30, 2020**

**Statement 14**

|                           | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending<br/>Balance</u> |
|---------------------------|------------------------------|------------------|-------------------|---------------------------|
| <b>Assets</b>             |                              |                  |                   |                           |
| Cash and cash equivalents | \$ 20,034                    | \$ 33,436        | \$ 30,768         | \$ 22,702                 |
| Total assets              | <u>\$ 20,034</u>             | <u>\$ 33,436</u> | <u>\$ 30,768</u>  | <u>\$ 22,702</u>          |
| <b>Liabilities</b>        |                              |                  |                   |                           |
| Liabilities:              |                              |                  |                   |                           |
| Intergovernmental payable | \$ 20,034                    | \$ 33,436        | \$ 33,436         | \$ 20,034                 |
| Total liabilities         | <u>\$ 20,034</u>             | <u>\$ 33,436</u> | <u>\$ 33,436</u>  | <u>\$ 20,034</u>          |

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Statement of Changes in Assets and Liabilities**  
**Pilot Mountain Area Business Association Committee Agency Fund**  
**June 30, 2020**

**Statement 15**

|                           | <u>Beginning<br/>Balance</u> | <u>Additions</u> | <u>Deductions</u> | <u>Ending<br/>Balance</u> |
|---------------------------|------------------------------|------------------|-------------------|---------------------------|
| <b>Assets</b>             |                              |                  |                   |                           |
| Cash and cash equivalents | \$ 802                       | \$ -             | \$ -              | \$ 802                    |
| Total assets              | <u>\$ 802</u>                | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ 802</u>             |
| <b>Liabilities</b>        |                              |                  |                   |                           |
| Liabilities:              |                              |                  |                   |                           |
| Intergovernmental payable | \$ 802                       | \$ -             | \$ -              | \$ 802                    |
| Total liabilities         | <u>\$ 802</u>                | <u>\$ -</u>      | <u>\$ -</u>       | <u>\$ 802</u>             |

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Schedule of Revenues, Expenditures

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

June 30, 2020

|                            | <u>Budget</u> | <u>Actual</u>   | <u>Variance<br/>Positive<br/>(Negative)</u> |
|----------------------------|---------------|-----------------|---------------------------------------------|
| Revenues                   | \$ 29,250     | \$ 25,946       | \$ (3,304)                                  |
| Expenditures:              |               |                 |                                             |
| Economic development       | <u>29,250</u> | <u>23,837</u>   | <u>5,413</u>                                |
| Revenues over expenditures | <u>\$ -</u>   | <u>\$ 2,109</u> | <u>\$ 2,109</u>                             |

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**OTHER SCHEDULES**

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
**June 30, 2020**

**Schedule 1**

| Fiscal Year                                 | Uncollected<br>Balance<br>June 30, 2019 | Additions  | Collections,<br>and Credits | Uncollected<br>Balance<br>June 30, 2020 |
|---------------------------------------------|-----------------------------------------|------------|-----------------------------|-----------------------------------------|
| 2019-2020                                   | \$ -                                    | \$ 875,465 | \$ 858,908                  | \$ 16,557                               |
| 2018-2019                                   | 7,819                                   | -          | 1,972                       | 5,847                                   |
| 2017-2018                                   | 5,702                                   | -          | 582                         | 5,120                                   |
| 2016-2017                                   | 3,278                                   | -          | 1,476                       | 1,802                                   |
| 2015-2016                                   | 1,471                                   | -          | -                           | 1,471                                   |
| 2014-2015                                   | 1,562                                   | -          | 80                          | 1,482                                   |
| 2013-2014                                   | 1,639                                   | -          | 370                         | 1,269                                   |
| 2012-2013                                   | 1,227                                   | -          | 206                         | 1,021                                   |
| 2011-2012                                   | 2,130                                   | -          | 698                         | 1,432                                   |
| 2010-2011                                   | 3,853                                   | -          | 367                         | 3,486                                   |
| 2009-2010                                   | 3,491                                   | -          | 3,491                       | -                                       |
| Total                                       | \$ 32,172                               | \$ 875,465 | \$ 868,150                  | 39,487                                  |
| Less: allowance for uncollectible accounts: |                                         |            |                             |                                         |
| General Fund                                |                                         |            |                             | 5,482                                   |
| Ad valorem taxes receivable - net           |                                         |            |                             | \$ 34,005                               |
| <u>Reconciliation with revenues:</u>        |                                         |            |                             |                                         |
| Ad valorem taxes - general fund             |                                         |            |                             | \$ 813,607                              |
| Reconciling items:                          |                                         |            |                             |                                         |
| Interest collected                          |                                         |            |                             | (5,482)                                 |
| Miscellaneous adjustments                   |                                         |            |                             | 60,025                                  |
| Total collections and credits               |                                         |            |                             | \$ 868,150                              |

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA  
 Analysis of Current Year Tax Levy  
 Town - Wide Levy  
 June 30, 2020

Schedule 2

|                                             | Town-wide                           |        |                   | Total Levy                                   |                           |
|---------------------------------------------|-------------------------------------|--------|-------------------|----------------------------------------------|---------------------------|
|                                             | Property Valuation<br>(in Thousand) | Rate   | Amount of Levy    | Property Excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy:                              |                                     |        |                   |                                              |                           |
| Property taxes at current year rate         | \$ 135,423,716                      | 0.5700 | \$ 771,916        | \$ 771,916                                   | \$ -                      |
| Motor vehicles                              | 13,097,112                          | 0.5700 | 74,654            | -                                            | 74,654                    |
| Penalties                                   | -                                   | 0.5700 | 1,247             | 1,247                                        | -                         |
| Discoveries                                 | 3,978,949                           | 0.5700 | 29,496            | 29,496                                       | -                         |
| Releases                                    | (295,435)                           | 0.5700 | (1,848)           | (1,848)                                      | -                         |
| Total property value                        | <u>152,204,342</u>                  |        |                   |                                              |                           |
| Net levy                                    |                                     |        | <u>875,465</u>    | <u>800,811</u>                               | <u>74,654</u>             |
| Unpaid (by taxpayer) taxes at June 30, 2020 |                                     |        | <u>16,557</u>     | <u>16,557</u>                                | <u>-</u>                  |
| Current year's taxes collected              |                                     |        | <u>\$ 858,908</u> | <u>\$ 784,254</u>                            | <u>\$ 74,654</u>          |
| Current levy collection percentage          |                                     |        | <u>98.11%</u>     | <u>97.93%</u>                                | <u>100.00%</u>            |

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**COMPLIANCE SECTION**

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**Independent Auditor’s 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***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregated remaining fund information of the Town of Pilot Mountain, North Carolina (the “Town”) as of and for the year ended Town of Pilot Mountain, North Carolina, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated November 14, 2019. Our report includes a reference to other auditors who audited the financial statements of the Town of Pilot Mountain ABC Board, as described in our report on the Town of Pilot Mountain’s financial statements. This report does not include the results of the other auditors’ testing of internal controls over financial reports or compliance and other matters that are reported separately by those auditors. The financial statements of the Town of Pilot Mountain ABC Board were not audited in accordance with Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit of the basic financial statements, we considered the Town’s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the basic financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’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 a 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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

## Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's basic financial statements are free of 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 amounts. 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*.

## 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 results of that testing, and not to provide an opinion on the effectiveness of the Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
November 14, 2019

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## **Statistical Section Table of Contents**

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

### **Contents**

#### **Financial Trends**

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

#### **Revenue Capacity**

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

#### **Debt Capacity**

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

#### **Demographic and Economic Information**

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

#### **Operating Information**

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

#### **Sources**

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

TOWN OF PILOT MOUNTAIN, NORTH CAROLINA

Net Position by Component

Last Ten Fiscal Years

(accrual basis of accounting)

|                                           | Fiscal Year Ending June 30, |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|-------------------------------------------|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                           | 2011                        | 2012                | 2013                | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                | 2020                |
| <b>Governmental activities</b>            |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net investment in capital assets          | \$ 1,789,771                | \$ 1,812,725        | \$ 2,021,994        | \$ 1,929,611        | \$ 1,914,776        | \$ 1,879,692        | \$ 1,900,642        | \$ 1,859,935        | \$ 2,086,531        | \$ 2,171,281        |
| Restricted                                | 161,862                     | 239,065             | 186,164             | 270,402             | 280,387             | 286,989             | 271,660             | 534,922             | 912,156             | 162,860             |
| Unrestricted                              | 61,180                      | 108,838             | 167,774             | 214,467             | 332,176             | 547,764             | 380,967             | 8,524               | (438,654)           | 9,366               |
| Total governmental activities net assets  | <u>\$ 2,012,813</u>         | <u>\$ 2,160,628</u> | <u>\$ 2,375,932</u> | <u>\$ 2,414,480</u> | <u>\$ 2,527,339</u> | <u>\$ 2,714,445</u> | <u>\$ 2,553,269</u> | <u>\$ 2,403,381</u> | <u>\$ 2,560,033</u> | <u>\$ 2,343,507</u> |
| <b>Business-type activities</b>           |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net investment in capital assets          | \$ 6,502,235                | \$ 6,303,893        | \$ 6,111,527        | \$ 5,967,434        | \$ 5,827,035        | \$ 5,684,435        | \$ 5,509,980        | \$ 5,443,232        | \$ 5,763,923        | \$ 5,943,033        |
| Unrestricted                              | 159,221                     | 167,185             | 117,284             | 22,477              | (9,995)             | 160,684             | 273,963             | 213,650             | (166,047)           | 142,611             |
| Total business-type activities net assets | <u>\$ 6,661,456</u>         | <u>\$ 6,471,078</u> | <u>\$ 6,228,811</u> | <u>\$ 5,989,911</u> | <u>\$ 5,817,040</u> | <u>\$ 5,845,119</u> | <u>\$ 5,783,943</u> | <u>\$ 5,656,882</u> | <u>\$ 5,597,876</u> | <u>\$ 6,085,644</u> |
| <b>Primary Government</b>                 |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Net investment in capital assets          | \$ 8,292,006                | \$ 8,116,618        | \$ 8,133,521        | \$ 7,897,045        | \$ 7,741,811        | \$ 7,564,127        | \$ 7,410,622        | \$ 7,303,167        | \$ 7,850,454        | \$ 8,114,314        |
| Restricted                                | 161,862                     | 239,065             | 186,164             | 270,402             | 280,387             | 286,989             | 271,660             | 534,922             | 912,156             | 162,860             |
| Unrestricted                              | 220,401                     | 276,023             | 285,058             | 236,944             | 322,181             | 708,448             | 654,930             | 222,174             | (604,701)           | 151,977             |
| Total Primary Government                  | <u>\$ 8,674,269</u>         | <u>\$ 8,631,706</u> | <u>\$ 8,604,743</u> | <u>\$ 8,404,391</u> | <u>\$ 8,344,379</u> | <u>\$ 8,559,564</u> | <u>\$ 8,337,212</u> | <u>\$ 8,060,263</u> | <u>\$ 8,157,909</u> | <u>\$ 8,429,151</u> |

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**

**Changes in Net Position**

**Last Ten Fiscal Years**

**(accrual basis of accounting)**

|                                                 | Fiscal Year Ending June 30, |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|-------------------------------------------------|-----------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                                                 | 2011                        | 2012                | 2013                | 2014                | 2015                | 2016                | 2017                | 2018                | 2019                | 2020                |
| <b>Expenses</b>                                 |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Governmental activities</b>                  |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General Government                              | \$ 421,182                  | \$ 361,620          | \$ 832,685          | \$ 381,424          | \$ 321,533          | \$ 422,306          | \$ 372,078          | \$ 338,736          | \$ 104,580          | \$ 449,724          |
| Public Safety                                   | 696,956                     | 629,858             | 653,828             | 668,266             | 626,299             | 582,852             | 591,812             | 746,399             | 739,034             | 802,780             |
| Transportation                                  | 354,102                     | 282,684             | 385,097             | 220,711             | 68,340              | 164,143             | 177,483             | 195,029             | 353,503             | 139,549             |
| Economic Development                            | 27,604                      | 27,685              | 31,697              | 32,188              | 39,580              | 14,632              | 42,861              | 126,601             | 126,601             | 282,186             |
| Environmental Protection                        | 59,614                      | 77,323              | 70,602              | 80,813              | 188,569             | 186,786             | 208,938             | 241,654             | 349,685             | 247,280             |
| Culture and Recreation                          | 172,492                     | 113,150             | 108,822             | 98,063              | 122,724             | 89,033              | 131,808             | 106,307             | 108,279             | 93,425              |
| Interest on Long Term Debt                      | 7,884                       | 7,443               | 6,988               | 7,258               | 6,643               | 302                 | 1,765               | 14,958              | 6,130               | 3,219               |
| Total governmental activities expenses          | <u>1,739,834</u>            | <u>1,499,763</u>    | <u>2,089,719</u>    | <u>1,488,723</u>    | <u>1,373,688</u>    | <u>1,460,054</u>    | <u>1,526,745</u>    | <u>1,769,684</u>    | <u>1,787,812</u>    | <u>2,018,163</u>    |
| <b>Business-type activities:</b>                |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Water and Sewer                                 | 847,063                     | 765,629             | 836,773             | 940,407             | 924,692             | 991,428             | 994,305             | 910,301             | 1,174,325           | 1,127,019           |
| Total business-type activities expense          | <u>847,063</u>              | <u>765,629</u>      | <u>836,773</u>      | <u>940,407</u>      | <u>924,692</u>      | <u>991,428</u>      | <u>994,305</u>      | <u>910,301</u>      | <u>1,174,325</u>    | <u>1,127,019</u>    |
| Total Primary Government                        | <u>\$ 2,586,897</u>         | <u>\$ 2,265,392</u> | <u>\$ 2,926,492</u> | <u>\$ 2,429,130</u> | <u>\$ 2,298,380</u> | <u>\$ 2,451,482</u> | <u>\$ 2,521,050</u> | <u>\$ 2,679,985</u> | <u>\$ 2,962,137</u> | <u>\$ 3,145,182</u> |
| <b>Program Revenues</b>                         |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Governmental activities:</b>                 |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Charges for services:</b>                    |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| General Government                              | \$ -                        | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ 111,421          | \$ 163,926          | \$ 174,252          |
| Public Safety                                   | -                           | -                   | -                   | 1,666               | -                   | 14,297              | 4,500               | 2,091               | 2,091               | 3,514               |
| Environmental Protection                        | -                           | -                   | -                   | -                   | -                   | -                   | -                   | 70,694              | 70,694              | 76,058              |
| Operating grants and contributions              | 46,834                      | 43,812              | 476,846             | 46,304              | 49,624              | 45,507              | 44,764              | 43,900              | 43,900              | 43,583              |
| Capital grants and contributions                | -                           | 104,925             | 373,777             | 16,299              | -                   | -                   | -                   | 142,208             | 157,304             | 18,608              |
| Total governmental activities program revenues  | <u>46,834</u>               | <u>148,737</u>      | <u>850,623</u>      | <u>64,269</u>       | <u>49,624</u>       | <u>59,804</u>       | <u>49,264</u>       | <u>370,314</u>      | <u>437,915</u>      | <u>316,015</u>      |
| <b>Business-type activities:</b>                |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| <b>Charges for services</b>                     |                             |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Water and Sewer                                 | 596,950                     | 629,652             | 654,054             | 706,157             | 717,668             | 811,284             | 854,528             | 851,123             | 907,038             | 921,559             |
| Operating grants and contributions              | -                           | -                   | -                   | -                   | 26,481              | 138,180             | 37,000              | -                   | -                   | -                   |
| Capital grants and contributions                | -                           | -                   | -                   | -                   | -                   | -                   | -                   | 93,000              | 197,450             | 693,228             |
| Total business-type activities program revenues | <u>596,950</u>              | <u>629,652</u>      | <u>654,054</u>      | <u>706,157</u>      | <u>744,149</u>      | <u>949,464</u>      | <u>891,528</u>      | <u>944,123</u>      | <u>1,104,488</u>    | <u>1,614,787</u>    |
| Total Governmental activities program revenues  | <u>\$ 643,784</u>           | <u>\$ 778,389</u>   | <u>\$ 1,504,677</u> | <u>\$ 770,426</u>   | <u>\$ 793,773</u>   | <u>\$ 1,009,268</u> | <u>\$ 940,792</u>   | <u>\$ 1,314,437</u> | <u>\$ 1,542,403</u> | <u>\$ 1,930,802</u> |

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**

**Changes in Net Position (Continued)**

**Last Ten Fiscal Years**

**(accrual basis of accounting)**

|                                                         | Fiscal Year Ending June 30, |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|---------------------------------------------------------|-----------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|                                                         | 2011                        | 2012                  | 2013                  | 2014                  | 2015                  | 2016                  | 2017                  | 2018                  | 2019                  | 2020                  |
| <b>Net (Expense)/Revenue</b>                            |                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities                                 | \$ (1,693,000)              | \$ (1,351,026)        | \$ (1,239,096)        | \$ (1,424,454)        | \$ (1,324,064)        | \$ (1,400,250)        | \$ (1,477,481)        | \$ (1,399,370)        | \$ (1,349,897)        | \$ (1,702,148)        |
| Business-type activities                                | (250,113)                   | (135,977)             | (182,719)             | (234,250)             | (180,543)             | (41,964)              | (102,777)             | 33,822                | (69,837)              | 487,768               |
| Total Primary Government Expense                        | <u>\$ (1,943,113)</u>       | <u>\$ (1,487,003)</u> | <u>\$ (1,421,815)</u> | <u>\$ (1,658,704)</u> | <u>\$ (1,504,607)</u> | <u>\$ (1,442,214)</u> | <u>\$ (1,580,258)</u> | <u>\$ (1,365,548)</u> | <u>\$ (1,419,734)</u> | <u>\$ (1,214,380)</u> |
| <b>General Revenues and Other Changes in Net Assets</b> |                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities:                                |                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Taxes                                                   | \$ 817,466                  | \$ 810,753            | \$ 871,046            | \$ 868,266            | \$ 850,426            | \$ 811,741            | \$ 819,384            | \$ 845,608            | \$ 851,937            | \$ 813,607            |
| Grants and unrestricted contributions                   | 395,383                     | 454,147               | 461,624               | 456,610               | 510,625               | 545,111               | 545,974               | 608,133               | 608,930               | 614,686               |
| Gain (loss) on sale of property                         | -                           | -                     | (74,105)              | 3,720                 | (1,097)               | -                     | 16,693                | -                     | -                     | 6,752                 |
| Investment earnings                                     | 1,022                       | 817                   | 1,299                 | 919                   | 913                   | 672                   | 2,333                 | 6,988                 | 6,988                 | 577                   |
| Miscellaneous                                           | 123,060                     | 101,983               | 119,841               | 114,087               | 141,264               | 224,617               | 138,494               | 3,694                 | 3,694                 | -                     |
| Insurance recovery                                      | -                           | 60,000                | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Forgiveness of debt                                     | -                           | -                     | -                     | -                     | -                     | 34,121                | -                     | -                     | -                     | -                     |
| Transfers in (out)                                      | -                           | 71,141                | 74,695                | 19,400                | -                     | (29,106)              | -                     | (150,500)             | -                     | -                     |
| Total governmental activities                           | <u>1,336,931</u>            | <u>1,498,841</u>      | <u>1,454,400</u>      | <u>1,463,002</u>      | <u>1,502,131</u>      | <u>1,587,156</u>      | <u>1,522,878</u>      | <u>1,313,923</u>      | <u>1,471,549</u>      | <u>1,435,622</u>      |
| Business-type activities:                               |                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Gain on sale of property                                | -                           | -                     | -                     | -                     | -                     | -                     | 32,710                | 10,831                | 10,831                | -                     |
| Investment earnings                                     | -                           | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     | -                     |
| Miscellaneous                                           | 16,436                      | 16,740                | 15,147                | 14,750                | 32,466                | 40,937                | 8,891                 | 55,915                | -                     | -                     |
| Transfers in (out)                                      | -                           | (71,141)              | (74,695)              | (19,400)              | -                     | 29,106                | -                     | 64,611                | -                     | -                     |
| Total business-type activities                          | <u>16,436</u>               | <u>(54,401)</u>       | <u>(59,548)</u>       | <u>(4,650)</u>        | <u>32,466</u>         | <u>70,043</u>         | <u>41,601</u>         | <u>131,357</u>        | <u>10,831</u>         | <u>-</u>              |
| Total Primary Government                                | <u>\$ 1,353,367</u>         | <u>\$ 1,444,440</u>   | <u>\$ 1,394,852</u>   | <u>\$ 1,458,352</u>   | <u>\$ 1,534,597</u>   | <u>\$ 1,657,199</u>   | <u>\$ 1,564,479</u>   | <u>\$ 1,445,280</u>   | <u>\$ 1,482,380</u>   | <u>\$ 1,435,622</u>   |
| <b>Change in Net Assets</b>                             |                             |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Governmental activities                                 | \$ (14,095)                 | \$ 259,745            | \$ 29,946             | \$ 138,938            | \$ 101,881            | \$ 109,675            | \$ 123,508            | \$ (85,447)           | \$ 121,652            | \$ (266,526)          |
| Business-type activities                                | (119,541)                   | (237,120)             | (293,798)             | (185,193)             | (9,498)               | (32,734)              | 75,423                | 165,179               | (59,006)              | 487,768               |
| Total Primary Government                                | <u>\$ (133,636)</u>         | <u>\$ 22,625</u>      | <u>\$ (263,852)</u>   | <u>\$ (46,255)</u>    | <u>\$ 92,383</u>      | <u>\$ 76,941</u>      | <u>\$ 198,931</u>     | <u>\$ 79,732</u>      | <u>\$ 62,646</u>      | <u>\$ 221,242</u>     |

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Fund Balances of Governmental Funds**  
**Last Ten Fiscal Years**  
**accounting)**

|                                    | Fiscal Year Ending June 30, |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|------------------------------------|-----------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|                                    | 2011                        | 2012              | 2013              | 2014              | 2015              | 2016              | 2017              | 2018              | 2019              | 2020              |
| General Fund                       |                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Restricted                         | \$ 161,862                  | \$ 204,087        | \$ 121,695        | \$ 271,682        | \$ 282,223        | \$ 286,989        | \$ 271,660        | \$ 534,922        | \$ 912,156        | \$ 162,860        |
| Assigned                           | -                           | -                 | -                 | 33,070            | -                 | -                 | -                 | -                 | 20,000            | 20,000            |
| Unassigned                         | 73,533                      | 143,785           | 209,364           | 214,913           | 388,963           | 547,764           | 380,967           | 312,193           | (202,288)         | 355,078           |
| Total general fund                 | <u>\$ 235,395</u>           | <u>\$ 347,872</u> | <u>\$ 331,059</u> | <u>\$ 519,665</u> | <u>\$ 671,186</u> | <u>\$ 834,753</u> | <u>\$ 652,627</u> | <u>\$ 847,115</u> | <u>\$ 729,868</u> | <u>\$ 537,938</u> |
| All Other Governmental Funds       |                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Restricted                         | \$ -                        | \$ 2,571          | \$ 8,137          | \$ 25,372         | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              | \$ -              |
| Assigned                           | -                           | -                 | -                 | -                 | -                 | -                 | -                 | -                 | 45,177            | 11,123            |
| Unassigned, reported in:           |                             |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| Special revenue fund               | -                           | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Capital projects fund              | -                           | 32,407            | 56,332            | (26,652)          | (1,636)           | (1,636)           | 136,220           | (195)             | (2,268)           | -                 |
| Debt service fund                  | -                           | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Permanent fund                     | -                           | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 | -                 |
| Total all other governmental funds | <u>\$ -</u>                 | <u>\$ 34,978</u>  | <u>\$ 64,469</u>  | <u>\$ (1,280)</u> | <u>\$ (1,636)</u> | <u>\$ (1,636)</u> | <u>\$ 136,220</u> | <u>\$ (195)</u>   | <u>\$ 42,909</u>  | <u>\$ 11,123</u>  |

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**

**Changes in Fund Balance of Governmental Funds**

**Last Ten Fiscal Years**

**(modified accrual basis of accounting)**

|                                                           | Fiscal Year Ending June 30, |                   |                    |                   |                   |                   |                  |                    |                     |                     |
|-----------------------------------------------------------|-----------------------------|-------------------|--------------------|-------------------|-------------------|-------------------|------------------|--------------------|---------------------|---------------------|
|                                                           | 2011                        | 2012              | 2013               | 2014              | 2015              | 2016              | 2017             | 2018               | 2019                | 2020                |
| <b>Revenues</b>                                           |                             |                   |                    |                   |                   |                   |                  |                    |                     |                     |
| Ad valorem taxes                                          | \$ 774,958                  | \$ 787,127        | \$ 839,579         | \$ 835,000        | \$ 831,858        | \$ 822,903        | \$ 837,857       | \$ 826,304         | \$ 848,280          | \$ 813,607          |
| Other taxes and licenses                                  | 30,277                      | 26,186            | 33,815             | 33,064            | 26,956            | -                 | -                | -                  | -                   | -                   |
| Unrestricted intergovernmental revenues                   | 395,383                     | 454,147           | 461,624            | 456,610           | 510,625           | 545,111           | 545,974          | 553,524            | 632,342             | 613,711             |
| Restricted intergovernmental revenues                     | 75,309                      | 112,319           | 509,808            | 80,158            | 71,387            | 62,208            | 52,597           | 84,589             | 215,936             | 117,828             |
| Permits and Fees                                          | 3,290                       | 4,805             | 3,870              | 4,645             | 5,310             | 2,205             | 3,490            | 4,560              | 2,980               | 2,155               |
| Investment Earnings                                       | 1,022                       | 817               | 1,299              | 919               | 913               | 672               | 2,333            | 8,204              | 6,988               | 577                 |
| Other Revenues                                            | 88,622                      | 71,829            | 80,891             | 76,378            | 108,998           | 213,786           | 131,669          | 140,126            | 230,587             | 240,180             |
| <b>Total revenue</b>                                      | <b>1,368,861</b>            | <b>1,457,230</b>  | <b>1,930,886</b>   | <b>1,486,774</b>  | <b>1,556,047</b>  | <b>1,646,885</b>  | <b>1,573,920</b> | <b>1,617,307</b>   | <b>1,937,113</b>    | <b>1,788,058</b>    |
| <b>Expenditures</b>                                       |                             |                   |                    |                   |                   |                   |                  |                    |                     |                     |
| <b>Current</b>                                            |                             |                   |                    |                   |                   |                   |                  |                    |                     |                     |
| General government                                        | 394,999                     | 335,084           | 806,837            | 368,222           | 322,995           | 394,091           | 349,613          | 348,923            | 353,197             | 530,230             |
| Public safety                                             | 682,927                     | 623,135           | 661,593            | 664,731           | 642,926           | 601,442           | 670,165          | 662,024            | 728,501             | 776,740             |
| Transportation                                            | 319,522                     | 259,845           | 379,527            | 241,809           | 89,626            | 192,492           | 182,547          | 149,262            | 333,364             | 169,011             |
| Pilot Center                                              |                             |                   |                    |                   |                   |                   |                  |                    |                     |                     |
| Economic Development                                      | 27,604                      | 27,683            | 31,697             | 32,188            | 39,581            | 14,632            | 42,861           | 83,296             | 143,469             | 279,291             |
| Environmental Protection                                  | 59,614                      | 77,323            | 70,602             | 80,813            | 187,919           | 225,582           | 204,167          | 286,438            | 337,890             | 238,680             |
| Cultural and Recreation                                   | 162,837                     | 130,337           | 259,211            | 73,193            | 89,130            | 55,795            | 98,568           | 103,323            | 68,915              | 60,187              |
| Debt service:                                             |                             |                   |                    |                   |                   |                   |                  |                    |                     |                     |
| Principal retirement                                      | 14,494                      | 14,932            | 15,384             | 21,114            | 25,584            | 9,561             | 20,628           | 34,656             | 43,484              | 35,151              |
| Interest and Fees                                         | 7,993                       | 7,555             | 7,103              | 7,376             | 6,765             | 302               | 1,766            | 6,149              | 6,130               | 3,219               |
| <b>Total expenditures</b>                                 | <b>1,669,990</b>            | <b>1,475,894</b>  | <b>2,231,954</b>   | <b>1,489,446</b>  | <b>1,404,526</b>  | <b>1,493,897</b>  | <b>1,570,315</b> | <b>1,674,071</b>   | <b>2,014,950</b>    | <b>2,092,509</b>    |
| Excess (Deficiency) of revenues over (under) expenditures | (301,129)                   | (18,664)          | (301,068)          | (2,672)           | 151,521           | 152,988           | 3,605            | (56,764)           | (77,837)            | (304,451)           |
| <b>Other Financing sources (uses)</b>                     |                             |                   |                    |                   |                   |                   |                  |                    |                     |                     |
| Proceeds from sale of capital assets                      | -                           | -                 | 209,560            | 143,720           | -                 | 5,253             | 16,693           | 8,600              | 3,694               | 7,310               |
| Transfers In                                              | -                           | 71,141            | 74,695             | 19,400            | 200,000           | -                 | -                | -                  | -                   | -                   |
| Transfers Out                                             | -                           | -                 | -                  | -                 | -                 | (30,742)          | -                | (34,611)           | (150,500)           | (17,850)            |
| Proceeds from Debt                                        | -                           | -                 | -                  | 28,158            | -                 | 86,221            | -                | 24,491             | -                   | -                   |
| Insurance Recovery                                        | -                           | 60,000            | -                  | -                 | -                 | -                 | -                | -                  | -                   | -                   |
| <b>Total other financing sources (uses)</b>               | <b>-</b>                    | <b>131,141</b>    | <b>284,255</b>     | <b>191,278</b>    | <b>200,000</b>    | <b>60,732</b>     | <b>16,693</b>    | <b>(1,520)</b>     | <b>(146,806)</b>    | <b>(10,540)</b>     |
| <b>Net change in fund balances</b>                        | <b>\$ (301,129)</b>         | <b>\$ 112,477</b> | <b>\$ (16,813)</b> | <b>\$ 188,606</b> | <b>\$ 351,521</b> | <b>\$ 213,720</b> | <b>\$ 20,298</b> | <b>\$ (58,284)</b> | <b>\$ (224,643)</b> | <b>\$ (314,991)</b> |
| Debt service as a percentage of noncapital expenditures   | 1.35%                       | 1.52%             | 1.01%              | 1.91%             | 2.30%             | 0.66%             | 1.43%            | 2.53%              | 2.89%               | 2.00%               |

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

| Fiscal Year | Real Property | Personal Property | Public Service | Total       | Tax Rate | Levy    |
|-------------|---------------|-------------------|----------------|-------------|----------|---------|
| 2011        | 119,153,359   | 11,752,012        | 1,913,691      | 132,819,062 | 0.56     | 743,787 |
| 2012        | 118,271,426   | 10,987,134        | 1,565,083      | 130,823,643 | 0.56     | 732,612 |
| 2013        | 120,276,354   | 13,489,563        | 1,627,876      | 135,393,793 | 0.58     | 785,284 |
| 2014        | 115,174,844   | 14,860,818        | 2,065,037      | 132,100,699 | 0.56     | 739,764 |
| 2015        | 117,224,040   | 16,494,865        | 2,060,000      | 135,778,905 | 0.57     | 773,940 |
| 2016        | 115,405,940   | 13,764,334        | 2,375,245      | 131,545,519 | 0.57     | 749,809 |
| 2017        | 108,769,516   | 14,159,852        | 2,595,804      | 125,525,172 | 0.57     | 715,493 |
| 2018        | 110,900,449   | 15,401,119        | 2,764,516      | 129,066,084 | 0.57     | 735,677 |
| 2019        | 116,863,340   | 18,139,804        | 3,679,970      | 138,683,114 | 0.57     | 790,494 |
| 2020        | 115,010,578   | 20,413,138        | 3,809,246      | 139,232,962 | 0.57     | 793,628 |

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

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

| Name of Government                        | Fiscal Year Ending June 30, |                 |                 |                 |                 |                 |                 |                 |                 |                 |
|-------------------------------------------|-----------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|                                           | 2011                        | 2012            | 2013            | 2014            | 2015            | 2016            | 2017            | 2018            | 2019            | 2020            |
| County of Surry                           | \$ 0.582                    | \$ 0.582        | \$ 0.582        | \$ 0.582        | \$ 0.582        | \$ 0.582        | \$ 0.582        | \$ 0.582        | \$ 0.582        | \$ 0.582        |
| Town of Pilot Mountain                    | 0.560                       | 0.560           | 0.560           | 0.560           | 0.570           | 0.570           | 0.570           | 0.570           | 0.570           | 0.570           |
| Pilot Knob Fire District                  | -                           | -               | -               | -               | -               | 0.040           | 0.040           | 0.040           | 0.040           | 0.040           |
| <b>Total Direct and Overlapping Rates</b> | <b>\$ 1.142</b>             | <b>\$ 1.142</b> | <b>\$ 1.142</b> | <b>\$ 1.142</b> | <b>\$ 1.152</b> | <b>\$ 1.192</b> | <b>\$ 1.192</b> | <b>\$ 1.192</b> | <b>\$ 1.192</b> | <b>\$ 1.192</b> |

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**

**Principal Property Taxpayer**

**Current Year and Nine Years Ago**

|                                | 2019                   |      |                                            | 2011                   |      |                                            |
|--------------------------------|------------------------|------|--------------------------------------------|------------------------|------|--------------------------------------------|
|                                | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Total Taxable Assessed Value |
| Jimmy R Lynch & Sons           | \$ 6,994,828           | 1    | 24.12%                                     | \$ 3,884,327           | 1    | 16.71%                                     |
| Glenwood Pilot Mountain Co LLC | 2,775,250              | 2    | 9.57%                                      | 2,518,370              | 2    | 10.84%                                     |
| Duke Energy                    | 2,584,754              | 3    | 8.91%                                      | -                      | -    | 0.00%                                      |
| Chilton Moir Edward            | 2,404,810              | 4    | 8.29%                                      | 2,477,230              | 3    | 10.66%                                     |
| Needham Holdings LLC           | 2,111,880              | 5    | 7.28%                                      | 1,709,310              | 7    | 7.36%                                      |
| CVS Corporation                | 2,022,070              | 6    | 6.97%                                      | -                      | -    | 0.00%                                      |
| Key Street of Pilot LLC        | 1,960,560              | 7    | 6.76%                                      | 1,646,710              | 9    | 7.09%                                      |
| Time Warner Cable Southeast    | 1,660,330              | 8    | 5.72%                                      | -                      | -    | 0.00%                                      |
| Barbee Harold Ted              | 1,510,620              | 9    | 5.21%                                      | 1,646,710              | 8    | 7.09%                                      |
| Pinnacle Hill Limited Partners | 1,469,380              | 10   | 5.07%                                      | 1,631,310              | 9    | 7.02%                                      |
| Green Thomas W Jr              | 1,318,220              | 11   | 4.54%                                      | 2,313,840              | 4    | 9.96%                                      |
| North Key Street LLC           | 1,172,220              | 12   | 4.04%                                      | 2,074,840              | 5    | 8.93%                                      |
| Akshar Hotels LLC              | 1,020,290              | 13   | 3.52%                                      | 1,773,610              | 6    | 7.63%                                      |
| Intex Coprporation             |                        |      |                                            | 1,562,780              | 10   | 6.72%                                      |
| <b>Total</b>                   | <b>\$ 29,005,212</b>   |      | <b>100.00%</b>                             | <b>\$ 23,239,037</b>   |      | <b>100.00%</b>                             |

Source: Municipal Tax Assessor

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal years**

| Fiscal Year<br>Ended June<br>30 | Taxes Levied<br>for the Fiscal<br>Year | Collected within the Fiscal |                       | Collections<br>in<br>Subsequent | Total Collections to Date |                       |
|---------------------------------|----------------------------------------|-----------------------------|-----------------------|---------------------------------|---------------------------|-----------------------|
|                                 |                                        | Amount                      | Percentage<br>of Levy |                                 | Amount                    | Percentage<br>of Levy |
| 2011                            | 793,090                                | 771,239                     | 97.24%                | 5,319                           | 776,558                   | 97.92%                |
| 2012                            | 789,346                                | 772,772                     | 97.90%                | 16,109                          | 788,881                   | 99.94%                |
| 2013                            | 828,178                                | 816,038                     | 98.53%                | 12,100                          | 828,138                   | 100.00%               |
| 2014                            | 830,273                                | 816,206                     | 98.31%                | 12,982                          | 829,188                   | 99.87%                |
| 2015                            | 836,316                                | 825,175                     | 98.67%                | 9,913                           | 835,088                   | 99.85%                |
| 2016                            | 829,075                                | 820,043                     | 98.91%                | 7,904                           | 827,947                   | 99.86%                |
| 2017                            | 821,551                                | 814,204                     | 99.11%                | 4,335                           | 818,539                   | 99.63%                |
| 2018                            | 815,180                                | 805,916                     | 98.86%                | 4,067                           | 809,983                   | 99.36%                |
| 2019                            | 852,300                                | 844,808                     | 99.12%                | -                               | 844,808                   | 99.12%                |
| 2020                            | 875,465                                | 858,908                     | 98.11%                | -                               | 858,908                   | 98.11%                |

**Source:** Town Records

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

| Fiscal Year<br>Ended June<br>30 | Governmental<br>Activities | Business-Type Activities       |                          | Total Primary<br>Government | Percentage of<br>Personal<br>Income | Per Capita | Population<br>(Est.) | Assessed<br>Value of<br>Taxable<br>Property |
|---------------------------------|----------------------------|--------------------------------|--------------------------|-----------------------------|-------------------------------------|------------|----------------------|---------------------------------------------|
|                                 | Installment<br>Purchases   | General<br>Obligation<br>Bonds | Installment<br>Purchases |                             |                                     |            |                      |                                             |
| 2011                            | 248,115                    | 201,000                        | 693,875                  | 1,142,990                   | 3.65%                               | 773.34     | 1,478                | 132,819,062                                 |
| 2012                            | 240,594                    | 192,000                        | 609,979                  | 1,042,573                   | 3.37%                               | 700.18     | 1,489                | 130,823,643                                 |
| 2013                            | 225,210                    | 182,000                        | 526,083                  | 933,293                     | 3.11%                               | 625.53     | 1,492                | 135,393,793                                 |
| 2014                            | 209,362                    | 172,000                        | 442,187                  | 823,549                     | 2.66%                               | 546.85     | 1,506                | 132,100,699                                 |
| 2015                            | 193,034                    | 161,000                        | 358,290                  | 712,324                     | 2.26%                               | 472.99     | 1,506                | 135,778,905                                 |
| 2016                            | 279,255                    | 150,000                        | 370,479                  | 799,734                     | 2.55%                               | 532.80     | 1,501                | 131,545,519                                 |
| 2017                            | 228,552                    | 138,000                        | 665,168                  | 1,031,720                   | 3.08%                               | 685.53     | 1,505                | 125,525,172                                 |
| 2018                            | 218,417                    | 125,000                        | 571,095                  | 914,512                     | 2.73%                               | 607.25     | 1,506                | 129,066,140                                 |
| 2019                            | 174,933                    | 112,000                        | 470,304                  | 757,237                     | 2.06%                               | 503.15     | 1,505                | 138,683,158                                 |
| 2020                            | 139,781                    | 98,000                         | 368,766                  | 606,547                     | 1.65%                               | 402.75     | 1,506                | 135,423,716                                 |

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

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| Fiscal Year<br>Ended June<br>30 | Principal | Interest | Total Debt<br>Service<br>Expenditures | Total General<br>Government<br>Expenditures | Percentage<br>of Debt<br>Service to<br>Total General<br>Government<br>Expenditures |
|---------------------------------|-----------|----------|---------------------------------------|---------------------------------------------|------------------------------------------------------------------------------------|
| 2010                            | 9,000     | 10,950   | 19,950                                | 1,607,070                                   | 1.24%                                                                              |
| 2011                            | 9,000     | 10,500   | 19,500                                | 1,739,834                                   | 1.12%                                                                              |
| 2012                            | 9,000     | 10,050   | 19,050                                | 1,499,763                                   | 1.27%                                                                              |
| 2013                            | 10,000    | 9,600    | 19,600                                | 2,089,719                                   | 0.94%                                                                              |
| 2014                            | 10,000    | 9,100    | 19,100                                | 1,488,723                                   | 1.28%                                                                              |
| 2015                            | 11,000    | 8,600    | 19,600                                | 1,373,688                                   | 1.43%                                                                              |
| 2016                            | 11,000    | 8,050    | 19,050                                | 1,460,054                                   | 1.30%                                                                              |
| 2017                            | 12,000    | 7,500    | 19,500                                | 1,526,745                                   | 1.28%                                                                              |
| 2018                            | 13,000    | 6,250    | 19,250                                | 1,674,071                                   | 1.15%                                                                              |
| 2019                            | 14,000    | 5,600    | 19,600                                | 2,014,950                                   | 0.97%                                                                              |
| 2020                            | 14,000    | 4,900    | 18,900                                | 2,092,509                                   | 0.90%                                                                              |

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**  
**Computation of Direct and Underlying Debt**  
**General Obligation Bonds**  
**June 30, 2020**

| <u>Governmental Unit</u>                 | <u>Debt Outstanding</u> | <u>Estimated Percentage Applicable <sup>a</sup></u> | <u>Estimated Share of Overlapping Debt</u> |
|------------------------------------------|-------------------------|-----------------------------------------------------|--------------------------------------------|
| Direct                                   |                         |                                                     |                                            |
| Town of Pilot Mountain                   |                         |                                                     |                                            |
| Installment Debt                         | \$ 213,206              | 100.000%                                            | \$ 213,206                                 |
| Underlying                               |                         |                                                     |                                            |
| Surry County                             |                         |                                                     |                                            |
| General Obligation Bods                  | 2,807,000               | 2.394%                                              | 67,200                                     |
| <b>Total direct and overlapping debt</b> |                         |                                                     | <u>\$ 280,406</u>                          |

**Sources:** Town of Pilot Mountain and County of Surry, North Carolina CAFR, Year Ended June 30, 2019

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

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

|                                                                         | 2011                | 2012                | 2013                | 2014                | Fiscal Year Ending June 30, |                     | 2017                | 2018                | 2019                 | 2020                 |
|-------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|-----------------------------|---------------------|---------------------|---------------------|----------------------|----------------------|
|                                                                         |                     |                     |                     |                     | 2015                        | 2016                |                     |                     |                      |                      |
| Assessed Value of Property                                              | \$ 132,819,062      | \$ 130,823,643      | \$ 135,393,793      | \$ 132,100,699      | \$ 135,778,905              | \$ 131,545,519      | \$ 125,525,172      | \$ 129,066,140      | \$ 138,683,158       | \$ 135,423,716       |
| Debt limit, 8% of assessed value                                        | 10,625,525          | 10,465,891          | 10,831,503          | 10,568,056          | 10,862,312                  | 10,523,642          | 10,042,014          | 10,325,291          | 11,094,653           | 10,833,897           |
| Total net debt applicable to limit                                      | 1,142,990           | 1,042,573           | 933,293             | 823,549             | 712,324                     | 799,734             | 1,031,720           | 914,512             | 757,237              | 606,547              |
| Legal debt margin available                                             | <u>\$ 9,482,535</u> | <u>\$ 9,423,319</u> | <u>\$ 9,898,210</u> | <u>\$ 9,744,507</u> | <u>\$ 10,149,988</u>        | <u>\$ 9,723,907</u> | <u>\$ 9,010,293</u> | <u>\$ 9,410,779</u> | <u>\$ 10,337,416</u> | <u>\$ 10,227,350</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 10.76%              | 9.96%               | 8.62%               | 7.79%               | 6.56%                       | 7.60%               | 10.27%              | 8.86%               | 6.83%                | 5.60%                |

**Source:** Town of Pilot Mountain

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

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

| <u>Year</u> | <u>Population <sup>a</sup></u> | <u>Per Capita<br/>Personal Income <sup>c</sup></u> | <u>Unemployment<br/>Rate <sup>d</sup></u> | <u>Median Age</u> | <u>Public School<br/>Enrollment</u> |
|-------------|--------------------------------|----------------------------------------------------|-------------------------------------------|-------------------|-------------------------------------|
| 2010        | 1,477                          | 20,552                                             | 11.90%                                    | 39.8              | 374                                 |
| 2011        | 1,478                          | 21,196                                             | 11.10%                                    | 39.8              | 380                                 |
| 2012        | 1,489                          | 20,793                                             | 10.00%                                    | 39.7              | 376                                 |
| 2013        | 1,492                          | 20,118                                             | 8.90%                                     | 39.9              | 377                                 |
| 2014        | 1,506                          | 20,570                                             | 6.30%                                     | 39.8              | 382                                 |
| 2015        | 1,506                          | 20,910                                             | 5.90%                                     | 39.8              | 385                                 |
| 2016        | 1,501                          | 20,910                                             | 4.90%                                     | 39.8              | 386                                 |
| 2017        | 1,505                          | 22,238                                             | 4.30%                                     | 38.5              | 390                                 |
| 2018        | 1,506                          | 22,238                                             | 3.90%                                     | 38.5              | 395                                 |
| 2019        | 1,505                          | 24,464                                             | 4.20%                                     | 39.4              | 411                                 |
| 2020        | 1,506                          | 25,232                                             | 11.30%                                    | 45.5              | 423                                 |

**Source:**

<sup>a</sup> Population information provided by US Census Bureau American Fact Finder

<sup>c</sup> Per capita personal income data from the US Census Bureau American Community Survey

<sup>d</sup> Unemployment data provided by the Federal Reserve Bank of St. Louis, as of June of each year.

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**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**

**Principal Employers**

**Current Year and Nine Years Ago**

| Employer                          | 2020         |      |                                          | 2011         |      |                                          |
|-----------------------------------|--------------|------|------------------------------------------|--------------|------|------------------------------------------|
|                                   | Employees    | Rank | Percentage of Total Municipal Employment | Employees    | Rank | Percentage of Total Municipal Employment |
| Surry County Schools              | 1,320        | 1    | 4.55%                                    | 1,239        | 1    | 3.45%                                    |
| Wayne Poultry Company             | 1,000        | 2    | 3.44%                                    | 866          | 2    | 2.41%                                    |
| Northern Hospital of Surry County | 850          | 3    | 2.93%                                    | 745          | 4    | 2.07%                                    |
| Hugh Chatham Memorial Hospital    | 700          | 4    | 2.41%                                    | 407          | 8    | 1.13%                                    |
| County of Surry                   | 500          | 5    | 1.72%                                    | 859          | 3    | 2.39%                                    |
| Surry Community College           | 500          | 6    | 1.72%                                    | 418          | 6    | 1.16%                                    |
| Wal-Mart                          | 400          | 7    | 1.38%                                    | 410          | 7    | 1.14%                                    |
| Vitro/PGW                         | 360          | 8    | 1.24%                                    | -            | -    | 0.00%                                    |
| Hanes Brands, Inc                 | 250          | 9    | 0.86%                                    | 427          | 5    | 1.19%                                    |
| Floyd Pike Electrical Contractors | 250          | 10   | 0.86%                                    | 342          | 10   | 0.95%                                    |
| Renfro Corporation                | 200          | 11   | 0.69%                                    | 351          | 9    | 0.98%                                    |
|                                   | <u>6,330</u> |      | <u>21.81%</u>                            | <u>6,064</u> |      | <u>16.87%</u>                            |

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

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

| <u>Function/Program</u>         | Fiscal Year Ending June 30, |             |             |             |             |             |             |             |             |             |
|---------------------------------|-----------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                                 | 2011                        | 2012        | 2013        | 2014        | 2015        | 2016        | 2017        | 2018        | 2019        | 2020        |
| Administration                  |                             |             |             |             |             |             |             |             |             |             |
| Manager                         | 1.0                         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         |
| Finance Officer                 | 1.0                         | 1.0         | -           | -           | -           | -           | -           | -           | -           | -           |
| Town Clerk                      | 1.0                         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         |
| Customer Service Representative | 2.0                         | 2.0         | 2.0         | 2.0         | 2.0         | 2.0         | 1.0         | 1.0         | 1.0         | 1.0         |
| Downtown Development            |                             |             |             |             |             |             |             |             |             |             |
| Main Street Coordinator         | -                           | -           | -           | -           | -           | -           | -           | 0.5         | 0.5         | 0.5         |
| Police                          |                             |             |             |             |             |             |             |             |             |             |
| Chief                           | 1.0                         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         |
| Captain                         | 1.0                         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         |
| Lieutenant                      | 1.0                         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | -           | -           | -           | -           |
| Sergeant                        | 2.0                         | 2.0         | 2.0         | 2.0         | 2.0         | 2.0         | 2.0         | 2.0         | 2.0         | 2.0         |
| Officer                         | 4.0                         | 4.0         | 4.0         | 4.0         | 4.0         | 4.0         | 4.0         | 4.0         | 4.0         | 4.0         |
| Dispatch                        | 1.0                         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         |
| Public Works                    |                             |             |             |             |             |             |             |             |             |             |
| Director                        | 1.0                         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         |
| Supervisor                      | 1.0                         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | -           |
| Maintenance Worker              | 3.0                         | 3.0         | 3.0         | 3.0         | 3.0         | 3.0         | 2.0         | 2.0         | 2.0         | 2.0         |
| Water Treatment Plant           |                             |             |             |             |             |             |             |             |             |             |
| ORC                             | 1.0                         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | -           |
| Plant Maintenance Tech          | 1.0                         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         | 1.0         |
| Wastewater Treatment Plant      |                             |             |             |             |             |             |             |             |             |             |
| Plant Operator                  | 0.5                         | 0.5         | 0.5         | 0.5         | 0.5         | 0.5         | -           | -           | -           | -           |
| <b>Total</b>                    | <b>22.5</b>                 | <b>22.5</b> | <b>21.5</b> | <b>21.5</b> | <b>21.5</b> | <b>21.5</b> | <b>18.0</b> | <b>18.5</b> | <b>18.5</b> | <b>16.5</b> |

Source: District Personnel Records

**TOWN OF PILOT MOUNTAIN, NORTH CAROLINA**

**Function**

**Last Ten Fiscal Years**

| Function/Program            | Fiscal Year Ending June 30, |         |         |         |         |         |         |         |         |         |
|-----------------------------|-----------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|
|                             | 2011                        | 2012    | 2013    | 2014    | 2015    | 2016    | 2017    | 2018    | 2019    | 2020    |
| <b>Administration</b>       |                             |         |         |         |         |         |         |         |         |         |
| Zoning Permits              | 22                          | 24      | 23      | 26      | 28      | 50      | 41      | 44      | 59      | 57      |
| Tax Rate                    | \$ 0.56                     | \$ 0.56 | \$ 0.58 | \$ 0.56 | \$ 0.57 | \$ 0.57 | \$ 0.57 | \$ 0.57 | \$ 0.57 | \$ 0.57 |
| <b>Police</b>               |                             |         |         |         |         |         |         |         |         |         |
| Criminal Activities         | 5,039                       | 4,008   | 5,517   | 3,490   | 3,986   | 5,048   | 4,321   | 622     | 3,875   | 3,268   |
| Total Activities            | 51,652                      | 53,882  | 57,024  | 77,249  | 71,779  | 75,588  | 50,245  | 11,197  | 69,869  | 66,966  |
| Patrol Miles Driven         | 72,458                      | 78,526  | 78,236  | 77,562  | 75,123  | 69,718  | 77,458  | 71,258  | 91,000  | 75,000  |
| <b>Public Works</b>         |                             |         |         |         |         |         |         |         |         |         |
| Street Signs Installed      | 5                           | 2       | -       | 7       | 6       | 3       | 3       | 30      | 25      | 20      |
| Meters Read                 | 12,000                      | 12,010  | 12,010  | 12,010  | 12,010  | 12,096  | 12,096  | 12,096  | 12,372  | 12,372  |
| New Water/Sewer Taps        | 5                           | 3       | 2       | 5       | 3       | 5       | 7       | 19      | 5       | 2       |
| <b>Water Treatment</b>      |                             |         |         |         |         |         |         |         |         |         |
| Gallons Treated             | 88,250                      | 98,625  | 88,375  | 48,875  | 24,375  | 49,250  | 64,750  | 55,875  | 102,234 | 78,860  |
| Permit Violations           | -                           | -       | -       | -       | -       | -       | 1       | 1       | 1       | 1       |
| <b>Wastewater Treatment</b> |                             |         |         |         |         |         |         |         |         |         |
| Gallons Treated             | 70.6                        | 78.9    | 70.7    | 39.1    | 19.5    | 39.4    | 51.8    | 44.7    | 72.6    | 72.8    |
| Permit Violations           | 5                           | -       | 2       | 1       | -       | 3       | -       | 1       | 1       | 1       |
| <b>Finance</b>              |                             |         |         |         |         |         |         |         |         |         |
| Vendor Checks Written       | 7,415                       | 7,251   | 7,566   | 7,395   | 7,430   | 5,641   | 7,580   | 9,213   | 1,150   | 1,150   |
| Payroll Checks Processed    | 585                         | 585     | 559     | 559     | 559     | 559     | 468     | 481     | 481     | 429     |
| Taxes Collected             | 97.24%                      | 97.90%  | 98.53%  | 98.31%  | 98.67%  | 98.91%  | 99.11%  | 99.12%  | 99.05%  | 97.93%  |
| <b>Downtown Development</b> |                             |         |         |         |         |         |         |         |         |         |
| Façade Grants Issued        | -                           | -       | -       | -       | -       | -       | -       | 2       | 3       | 6       |
| Events                      | 7                           | 7       | 7       | 7       | 7       | 8       | 8       | 10      | 10      | 7       |

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

| Function/Program            | Fiscal Year Ending June 30, |           |           |           |           |           |           |           |           |           |           |
|-----------------------------|-----------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                             | 2010                        | 2011      | 2012      | 2013      | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      |
| <b>Police</b>               |                             |           |           |           |           |           |           |           |           |           |           |
| Stations                    | 1                           | 1         | 1         | 1         | 1         | 1         | 1         | 1         | 1         | 1         | 1         |
| Patrol Units                | 8                           | 8         | 7         | 7         | 7         | 7         | 6         | 6         | 7         | 7         | 10        |
| <b>Public Works</b>         |                             |           |           |           |           |           |           |           |           |           |           |
| Streets (miles)             | 19                          | 19        | 19        | 19        | 19        | 19        | 19        | 19        | 19        | 19        | 19        |
| Traffic Signals             | -                           | -         | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| <b>Water</b>                |                             |           |           |           |           |           |           |           |           |           |           |
| Transmission lines (miles)  | 18                          | 18        | 18        | 18        | 18        | 18        | 18        | 18        | 18        | 18        | 18        |
| Fire Hydrants               | 193                         | 193       | 193       | 193       | 193       | 193       | 193       | 193       | 193       | 193       | 193       |
| Storage Capacity            | 1,800,000                   | 1,800,000 | 1,800,000 | 1,800,000 | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 | 1,700,000 | 1,200,000 |
| <b>Wastewater Treatment</b> |                             |           |           |           |           |           |           |           |           |           |           |
| Collection Lines            | 18                          | 18        | 18        | 18        | 18        | 18        | 18        | 18        | 18        | 18        | 18        |
| Pump Stations               | 19                          | 19        | 19        | 19        | 19        | 19        | 19        | 19        | 19        | 19        | 19        |
| Treatment Plants            | 1                           | 1         | 1         | 1         | 1         | 1         | 1         | 1         | 1         | 1         | 1         |



TOWN OF PILOT MOUNTAIN  
BOARD OF COMMISSIONERS MEETING

|                                                                       |                      |
|-----------------------------------------------------------------------|----------------------|
| Town Project Review                                                   |                      |
| <b><u>Background Information:</u></b>                                 |                      |
| We will review the current status of all of the Town projects.        |                      |
| <b><u>Staff Recommendation:</u></b>                                   | For Information Only |
| <b><u>Possible Board of Commissioner Actions</u></b>                  |                      |
| <ul style="list-style-type: none"><li>• Take no action</li></ul>      |                      |
| <b><u>Attachments</u></b>                                             |                      |
| <ul style="list-style-type: none"><li>• Project Status Memo</li></ul> |                      |

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## MEMORANDUM

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**TO:** Mayor and Board of Commissioners  
**FROM:** Michael Boaz, Town Manager/Finance Officer  
**DATE:** October 21, 2020  
**RE:** Town Project Updates

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1. Depot Street Stream Restoration: This project originally started in 2014. The Town, working with an outside consultant, has gotten around \$1 million in grant money to conduct some stream bank restoration work along the creek that runs behind Main Street from Carson St to Key St. This stream is a tributary for Tom's Creek which is the Town's current water source. We have spent the last 6 years working to get the necessary easements for this project and the Town has spent well over \$100,000 in getting the easements, paying for appraisals, paying the attorney, etc. We now have all of the easements and this project should be under construction during 2021.
2. Main Street National Register District: This project started about 18 months ago. The purpose of this project is to get the Town's downtown area approved as a National Register Historic District. The main reason that we want to do this is that makes property owners eligible for federal and state tax credits, totaling 40%, for any work that they do to buildings in this district. We hope that this will encourage some property owners to make investments into their buildings and/or make these buildings more attractive to investors. We have hired Dan Pezzoni to prepare application to the State Historic Preservation Office (SHPO, pronounced shipo). He is currently putting the final touches on that application and we will submitted in November 2020. Once it is submitted, it will be reviewed by SHPO staff and then sent on to the State Historic Preservation Commission. This group will make a decision as to whether or not the application should be forwarded on to the National Park Service who has the final decision about whether or not to establish a National Register District. When we first talked with the staff of SHPO, they did not think our district was terribly strong. We have worked with them to make some changes and some property owners have made some changes to their properties and Dan believes that we have a reasonably good chance of having the district approved. Unfortunately, there are no set standards that we can use, other than the exterior of the building must date be fifty years old, to guide us in making determinations. The decision is somewhat of an arbitrary one and so we are not sure what will happen. Dan is making a case for several buildings to be counted as contributing that SHPO staff was not sure about. Again, we think we have a strong case to make and if we don't give it a try, then we are sure to not get a district.
3. Street Paving Project: This project has been ongoing for almost 2 years. The plan is to repave all, or nearly all, of the streets in Town. At this point that includes the following streets: Carson, Crestwood, Lynchburg, Butler, Neva, Old Barn Circle, Davis, Mountain View, N Academy, N&S Depot, Westridge, Saddle, Blaylock, Swanson, Second, School, Stephens, Howard, Needham, Dodson Ct, and Northview Drive. We have an agreement with the NC DOT to do all of the work and with the USDA to provide the funding for this project. The last hurdle we have is to get our temporary construction loan approved by the NC Local Government Commission. This has been on hold since our financial statements were issued at the end of FY 2019. We plan to issue new financial statements for FY 2020 very soon and this should make the LGC more comfortable with approving this debt.
4. Sunset Sewer/Water: This project will see the sewer lines in all of the Sunset Sub-basin replaced or rehabbed. This sub-basin includes Simmons Street, Sunset, parts of Lynchburg and Dodson Mill, Gordon Court, and Northview. We will be replacing/rehabbing a number of manholes in this area as well as building a new pump station to service this area. The rehab of this part of our system was

rated as the number 1 infrastructure need of the Town when we completed our first asset inventory and assessment in 2015. This \$2.5 million project is being funded by a 50% grant/50% loan from NC DEQ. We will also be replacing the water line along Simmons and Sunset. This is funded by a similar grant/loan from the State. This project should be completed by April or May of 2021 and will see both Simmons and Sunset drive resurfaced when the project is complete.

5. Mt. Airy Interconnect: This project involves the construction of 12 inch water main from our existing water treatment plant to the Surry County airport in order to connect our water system with the City of Mt. Airy. After this project is completed, we will shutter our water plant and purchase all of our drinking water from the City of Mt Airy. The total budget for this project is almost \$4 million. We have a 50% grant/50% no interest loan from the State in order to pay for this project. The City of Mt. Airy and Surry County will each pay 1/3 of the debt on this project. This means that we will build this new water source for our customers for \$650,000 of local money. This is far less than it would have cost if we had decided to rehab our existing plant. At this point the design of this project is completed and we are working to get all the necessary easements in place. There were roughly 100 total easements that we had to get and we have well over half of them at this point. Ed and his team have sent out the first in a series of letters to those we need easements from. The Board has authorized Ed to start the condemnation process on the remaining easements, but we hope to avoid that step. We opened the bids for this project on November 12. The construction estimate for this project was approximately \$3 million. The low bid on this project, from Smith-Rowe, was \$4.1 million. McGill is working the apparent low bidder to see if there are any areas where we can cut costs by making minor changes to the project scope. We can also go back and get more money from the State for the project, but any more than 25% increase in the initial estimate requires that we get approval from the County and the City of Mt. Airy. I will provide more information about this project as we continue our negotiations.
6. Streetscape Project: This project was started approximately two years ago. We worked with Benchmark to develop a Master Plan for an improved streetscape in our downtown area. This plan called for eliminating all the power lines on Main Street, expanding the sidewalks, installing new decorative lights, installing new street furnishings (benches, trash cans, etc.). Once we had the master plan, we got a grant from the State of NC to fund the engineering costs for the project. We hired WithersRavenel to create the engineering drawings for our project and those are basically complete. We are still working with Duke Energy on two issues. The first is the street lighting for the project. The second is what to do with the transmission main that is currently located on the south side of Main Street. This line will have to be moved if we want no visible power lines as it can't be buried. The initial cost estimate from Duke Energy, after we paid them to engineer the project, was over \$2 million. We have asked them to give us a quote for installing new, metal poles on which to mount these transmission mains. Once we have this information, we will continue our negotiations with Duke Energy. Once all this is complete the fundraising for the project can really get underway.
7. WWTP & Pump Station Project: This project involves the rehabilitation of the Wastewater Treatment Plant and some work at several of our pump stations.
8. Asset Inventory & Assessment Project: This project is an update to our Asset Inventory and Assessment that was completed in 2015 and 2016. This project is funded by a \$300,000 grant from the NC DEQ. It includes a complete GIS mapping of all of the Town's water and sewer lines, location of valves and manholes, assessments of all the pump stations, water lines, sewer lines, etc. It also involves the completion a hydraulic model of our water system which will give us information about the capacity of our system and when and where improvements need to be made to serve new development. The full assessment of all of the water/sewer assets will help WithersRavenel complete an updated Capital Improvement Plan for our utility system. They will prioritize which projects need to be done first, second, etc. Finally, we will get a financial analysis of the system that will provide a pathway for the Board to use when setting rates that, if we are able to follow it, will allow us to make the improvements as suggested in the CIP.
9. Comprehensive Plan: The Comprehensive Plan project is just getting underway. This project, led by Mosaic Civic Studio, will see the development of a full Comprehensive Plan for the Town. The kickoff meeting for this project was held with the Steering Committee on November 5.



TOWN OF PILOT MOUNTAIN  
BOARD OF COMMISSIONERS MEETING

Employee Bonus Discussion

**Background Information:**

As a general rule, the Town tries to include funds in the annual budget to offer our employees both cost of living adjustments and, if possible, merit increases. Due to the uncertainty surrounding the COVID-19 pandemic, we did not include any salary adjustments in the budget for FY 2021. As you are all aware, our sales tax collections have been much better than expected through the first four months of the fiscal year. At this point, we are 14% ahead of budget. If this trend holds for the entire year that would mean our sales tax revenues would be about \$50,000 more than we budgeted.

Given this, I would like to request that the Board authorize me to issue a one time, \$1,000 bonus to each permanent employee. This will cost us about \$18,000, which if the trends hold will still give us an additional \$30,000 in sales tax revenues. I considered a number of options with regards to making changes to employee compensation, including a COLA adjustment and several different bonus options. The chart below outlines some of the options that I considered.

| Employee Bonus Options |              |              |              |                 |  |
|------------------------|--------------|--------------|--------------|-----------------|--|
| Total Payroll          | COLA         | \$ 1,000.00  | 1 wk pay     | 1 wk pay hybrid |  |
| \$ 762,187.91          | \$ 10,670.63 | \$ 18,000.00 | \$ 13,256.33 | \$ 18,488.32    |  |

The COLA would be a 1.4% across the Board increase. While this is the cheapest option, it would be a recurring expense that would up salary numbers every year in the future. The 1 week pay hybrid is that everyone would get 1 weeks' pay as a bonus, but with a minimum of \$1,000. I would recommend the \$1,000 per employee flat bonus.

I would like to process this bonus before the holidays, which is why I am bring it to you know so that we can build it into our next payroll run.

**Staff Recommendation:** Approve \$1,000 bonuses for employees.

**Possible Board of Commissioner Actions**

- Approve \$1,0000 bonus
- Approve bonus of different amount
- Disapprove bonus
- Table until a later date
- Take no action

**Attachments**

- None