TOWN OF BEECH MOUNTAIN

Financial Statements, Supplemental Schedules, Compliance Report,
and Independent Auditor's Report
For the Year Ended June 30, 2020

C. Randolph CPA, PLLC
Certified Public Accountant

TOWN OF BEECH MOUNTAIN

Town Officials

Town Council Members

Barry Kaufman, Mayor

Jimmie Accardi

Weidner Abernethy

Kelly Melang

Erin Gonyea

Administrative and Financial Staff

Steve Smith, Finance Officer
Robert Pudney, Town Manager

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Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Beech Mountain (the "Town"), North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Beech Mountain Tourism Development Authority were not audited in accordance with *Government Auditing Standards*.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Town of Beech Mountain, North Carolina, as of June 30, 2020, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund and the Emergency 911 Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 11, the Local Government Employees' Retirement System's Schedules of Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 51 and 52, respectively, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, on pages 53 and 54, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of Town of Beech Mountain, North Carolina. The individual fund statements, budgetary schedules and other schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements, budgetary schedules and other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us. In our opinion, based on our audit, and the procedures performed as described above, individual fund statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2020 on our consideration of Town of Beech Mountain's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grants agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Beech Mountain's internal control over financial reporting and compliance.

C. Randolph CPA, PLLC

West Jefferson, North Carolina
December 3, 2020

Management's Discussion and Analysis

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

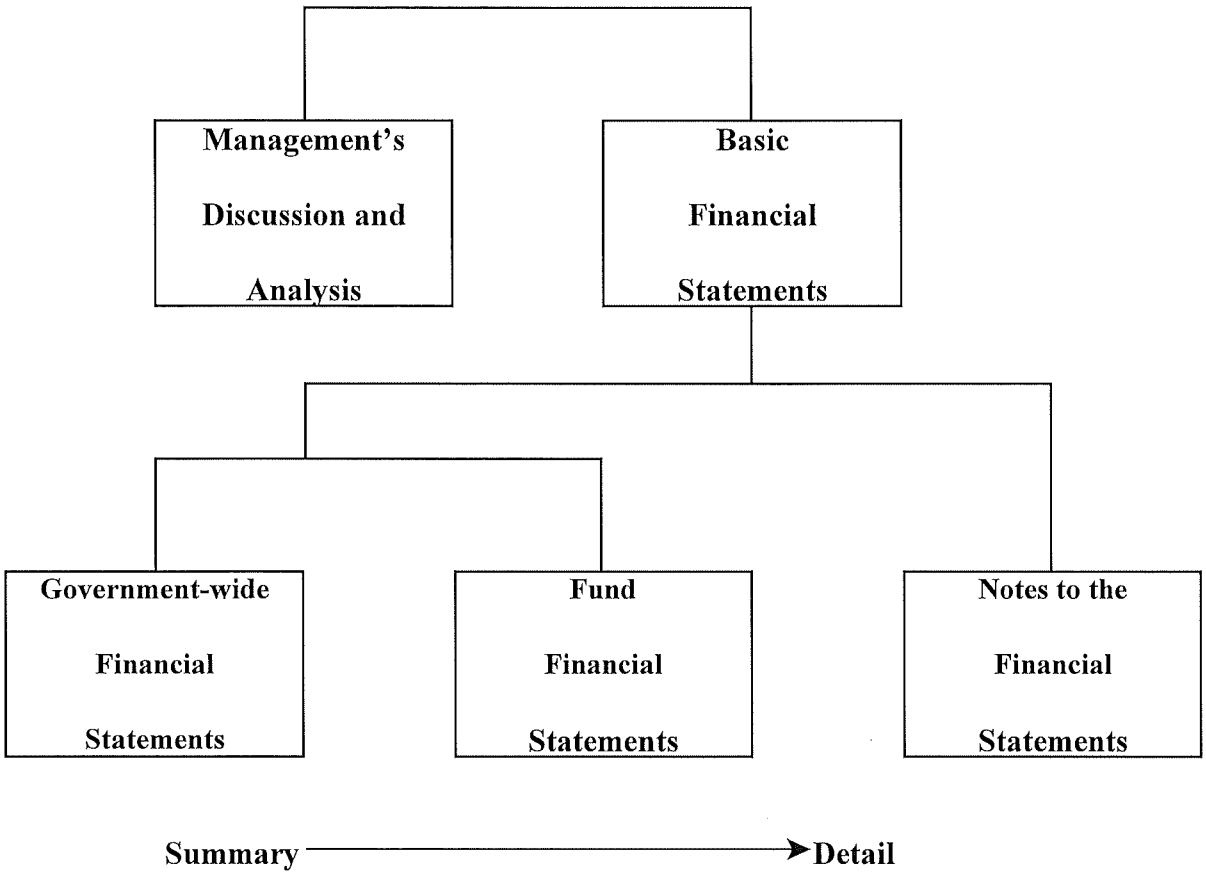
Financial Highlights

- The assets and deferred outflows of resources of Town of Beech Mountain exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $26,124,780 (net position).
- The Town's total net position increased by $1,225,101.
- As of the close of the current fiscal year, the Town of Beech Mountain's governmental funds reported combined ending fund balances of $10,909,571 with a net increase of $2,567,734 in fund balance. Approximately 52% of this total amount, or $5,703,468, is available for spending at the Town's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $5,703,468, or 79% 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 Beech Mountain'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 Town of Beech Mountain.

Required Components of Annual Financial Report
Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 10) 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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary 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 also can 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 and 2) business-type activities and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Beech Mountain. The final category is the component unit. Although legally separate from the Town, the Beech Mountain Tourism Development Authority is important to the Town. The Town exercises control over the Authority board by appointing its members and because the Authority operates within the Town's boundaries for the benefit of the Town's residents.

The government-wide financial statements are 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. Town of Beech Mountain, 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 Statues or the Town's budget ordinance. All of the funds of Town of Beech Mountain can be divided into two categories: governmental funds and proprietary funds.

Governmental Funds - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between 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 Beech Mountain adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statements 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 Funds - The Town of Beech Mountain has one kind of proprietary fund. Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Beech Mountain uses enterprise funds to account for its water and sewer activity. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and Statement of Activities.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 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 of Beech Mountain's progress in finding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 51 of this report.

Interdependence with Other Entities - The Town of Beech Mountain depends on financial resources flowing from, or associated with, both 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 governments and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis
Town of 's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	$11,463,992	$ 8,981,086	$ 3,698,639	$ 2,050,190	$15,162,631	$ 11,031,276
Capital assets	7,845,519	6,135,236	14,530,241	14,115,928	22,375,760	20,251,164
Deferred outflows of resources	501,647	582,147	136,347	136,347	637,994	718,494
Total assets and deferred outflows of resources	19,811,158	15,698,459	18,365,227	16,302,465	38,176,385	32,000,934
Long-term liabilities outstanding	4,489,193	1,190,303	6,234,865	4,802,608	10,724,058	5,992,911
Other liabilities	602,900	397,406	694,631	624,953	1,297,531	1,022,359
Deferred inflows of resources	25,582	81,551	4,434	4,434	30,016	85,985
Total liabilities and deferred inflows of resources	5,117,675	1,669,260	6,933,930	5,431,995	12,051,605	7,101,255
Net position:						
Net investment in capital assets	4,343,621	5,954,366	8,129,643	9,253,317	12,473,264	15,207,683
Restricted	766,757	627,832	-	-	766,757	627,832
Unrestricted	9,583,105	7,447,011	3,301,654	1,671,153	12,884,759	9,064,164
Total net position	$14,693,483	$14,029,209	$11,431,297	$10,870,470	$26,124,780	$ 24,899,679

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 Town of Beech Mountain exceeded liabilities and deferred inflows by $26,124,780 as of June 30, 2020. The Town's net position increased by $1,225,101 for the fiscal year ended June 30, 2020. However, the largest portion (48%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Beech Mountain uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Beech Mountain's net investment in its 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 Beech Mountain's net position, $766,757 represents resources that are subject to external restrictions on how they may be used. The remaining balance of $12,884,759 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 98.80%.
- Actual expenditures were less than budgeted in the governmental and business-type activities.

Town of Beech Mountain's Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	$ 133,833	$ 117,513	$2,997,051	$2,702,426	$3,130,884	$2,819,939
Operating grants and contributions	521,182	215,366	-	-	521,182	215,366
Capital grants and contributions	-	-	426,858	-	426,858	-
General revenues:						
Property taxes	4,050,059	4,053,815	-	-	4,050,059	4,053,815
Other taxes	2,038,339	2,067,031	-	-	2,038,339	2,067,031
Other	376,539	388,518	22,530	57,841	399,069	446,359
Total revenues	7,119,952	6,842,243	3,446,439	2,760,267	10,566,391	9,602,510
Expenses:						
General government	2,648,761	1,804,895	-	-	2,648,761	1,804,895
Public safety	1,624,208	2,042,121	-	-	1,624,208	2,042,121
Transportation	1,404,026	1,469,428	-	-	1,404,026	1,469,428
Cultural and Recreation	641,234	710,955	-	-	641,234	710,955
Special Projects	103.201	91,493	-	-	103,201	91,493
Interest on long-term debt	34,248	38,465	152,094	187,628	186,342	226,093
Sanitation	-	-	493,159	424,873	493,159	424,873
Water and sewer	-	-	2,240,358	2,292,780	2,240,358	2,292,780
Total expenses	6,455,678	6,157,357	2,885,611	2,905,281	9,341,289	9,062,638
Increase (decrease) in net position	664,274	684,886	560,827	(145,014)	1,225,101	539,872
Transfers	-	(150,000)	-	150,000	-	-
Change in Net Position	664,274	534,886	560,827	4,986	1,225,101	539,872
Net position, July 1	14,029,209	13,494,323	10,870,470	10,865,484	24,899,679	24,359,807
Net position - June 30	$14,693,483	$14,029,209	$11,431,297	$10,870,470	$26,124,780	$24,899,679

Governmental Activities - Governmental activities increased the Town's net position by $664,274, thereby accounting for 54% of the total increase in the net position of the Town of Beech Mountain. Key element of this increase is as follows:

- Net increase in operating grants and contributions

Business-type activities: Business-type activities increased the Town of Beech Mountain's net position by $560,827. Key elements of this increase are as follows:

- Charges for services increased during the year.
- Capital grants and contributions increased.

Financial Analysis of the Town's Funds

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

Governmental Funds - The focus of the Town of Beech Mountain'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 of Beech Mountain's financing requirements.

The general fund is the chief operating fund of the Town of Beech Mountain. At the end of the current fiscal year, the Town of Beech Mountain fund balance available in the general fund was $5,703,468 while total fund balance reached $8,136,845. The Town currently has an available fund balance of 79% of general fund expenditures, while the total balance represents 112.46% of the same amount.

At June 30, 2020, the governmental funds of the Town of Beech Mountain reported a combined fund balance of $10,909,571, with a net increase in fund balance of $2,567,734.

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.

Proprietary Funds - The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to $2,387,976 and $913,678 for the Sanitation Fund. The total change in net position for the Water and Sewer Fund was an increase of $527,058 and $33,769 for the Sanitation Fund. Other factors concerning the finances of these two funds have already been addressed in the discussions of the Town's business-type activities.

Capital Assets and Debt Administration

Capital Assets - The Town of Beech Mountain's investment in capital assets for its governmental and business-type activities as of June 30, 2020, totals $22,375,760 (net of accumulated depreciation). These assets include land, buildings, infrastructure, vehicles, machinery and equipment, water facilities, and sewer facilities.

Major capital asset transactions during the year include the following:

- Paving Buckeye Creek Road
- Shane Park
- Beech Mountain side path construction
- Snow gun
- Lower Pond Creek boardwalk and various other trails
- Trailer mounted leaf collector
- 2020 Freightliner M2106
- Beech Mountain parkway generator
- 2019 Ram 1500 Tradesman
- 2019 Dodge Durango

Town of Beech Mountain's Capital Assets
(net of depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Land	$ 1,035,948	$ 1,035,948	$ 765	$ 765	$ 1,036,713	$ 1,036,713
Construction in progress	751,238	-	764,405	-	1,515,643	-
Buildings and Systems	2,126,363	2,201,260	72,123	74,484	2,198,486	2,275,744
Improvements	981,770	481,331	84,666	87,734	1,066,436	569,065
Machinery and Equipment	515,390	596,626	578,488	206,843	1,093,878	803,469
Infrastructure	1,765,884	1,133,505	-	-	1,765,884	1,133,505
Vehicles and Motorized Equipment	668,925	686,566	302,918	364,923	971,843	1,051,489
Water Facilities	-	-	9,921,886	10,373,891	9,921,886	10,373,891
Sewer Facilities	-	-	2,804,990	3,007,288	2,804,990	3,007,288
Total	$ 7,845,519	$ 6,135,236	$14,530,241	$14,115,928	$22,375,760	$20,251,164

Additional information on the Town's capital assets can be found in Note III.a.4 of the Basic Financial Statements.

Long-Term Debt. As of June 30, 2020, the Town of Beech Mountain had total outstanding debt of $11,332,056.

Town of Beech Mountain's Outstanding Debt
General Obligation Bonds and Other Long-Term Liabilities

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2020	2019	2020	2019	2020	2019
Installment purchase debt	$ 3,501,898	$ 180,870	$ 2,764,732	$ 1,168,746	$ 6,266,630	$ 1,349,616
Revenue bonds	-	-	3,635,865	3,693,865	3,635,865	3,693,865
Compensated absences	160,714	175,582	42,299	51,579	203,013	227,161
Pension related debt (LGERS)	824,458	710,196	170,417	170,417	994,875	880,613
Pension related debt (LEO)	231,673	182,642	-	-	231,673	182,642
Total	$ 4,718,743	$ 1,249,290	$ 6,613,314	$ 5,084,607	$11,332,056	$ 6,333,897

The Town of Beech Mountain's total long-term liabilities increased by $4,998,159 during the past fiscal year.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within the government's boundaries. The legal debt margin for the Town of Beech Mountain is $34,406,653. The Town of Beech Mountain does not have any authorized but un-issued debt at June 30, 2020.

Additional information regarding the Town of Beech Mountain's long-term debt can be found in Note III.B.4 beginning on page 46 of this report.

Economic Factors and Next Year's Budgets and Rates

The beauty, climate and ski resort of Beech Mountain enhances the thriving tourist industry. Beech Mountain has a permanent population of 350 but swells to approximately 10,000 during peak winter periods and 5,000 during peak summer periods. There are over 2,350 homes. In addition to the Beech Mountain Ski Resort, the Beech Mountain Club offers its members and guests an 18-hole golf course, swimming pool, and tennis courts. The Town of Beech Mountain also offers a sledding hill, tennis courts, playground equipment, a paved walking area, picnic shelter, and an indoor recreation center. There are also numerous hiking and biking trails on Beech Mountain.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities: Budgeted revenues for the 2020-2021 budget year are expected to remain consistent with the prior year. Budgeted expenditures are projected to increase due to Council addressing infrastructure needs.

Business-type Activities: Water and Sewer Fund revenues are expected to increase due to increase rates and continued increases in over-occupancy. Expenditures are expected to increase as the system is in a period of major refurbishing. Sanitation fee revenue and expenditures are expected to increase due to increase in County landfill fees.

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 the Director of Finance, Town of Beech Mountain, 403 Beech Mountain Parkway, Beech Mountain, NC 28604.

TOWN OF BEECH MOUNTAIN

Statement of Net Position
June 30, 2020

	Primary Government			Beech Mountain Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	$ 10,475,362	$ 2,717,080	$ 13,192,442	$ 485,226
Taxes receivable (net)	186,507	-	186,507	-
Accounts receivable (net)	-	294,359	294,359	-
Accrued interest	5,001	-	5,001	-
Due from other governments	756,756	428,736	1,185,492	58,132
Prepaid expense	5,000	-	5,000	-
Inventories	35,366	18,947	54,313	-
Restricted cash and cash equivalents	-	239,517	239,517	-
Total current assets	11,463,992	3,698,639	15,162,631	543,358
Noncurrent assets:				
Capital assets:				
Land, non-depreciable improvements and construction in progress	1,787,186	765,171	2,552,357	-
Other capital assets, net of depreciation	6,058,333	13,765,070	19,823,403	-
Total capital assets	7,845,519	14,530,241	22,375,760	-
Total assets	19,309,511	18,228,880	37,538,391	543,358
Deferred Outflows of Resources				
Pension deferrals	501,647	136,347	637,994	-
Total deferred outflows of resources	501,647	136,347	637,994	-

cont.

Statement of Net Position
June 30, 2020

	Primary Government			Beech Mountain Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Current liabilities				
Accounts payable and accrued expenses	$ 315,218	$ 76,665	$ 391,883	$ -
Due to component unit	58,132	-	58,132	-
Customer deposits	-	239,517	239,517	-
Current portion of long-term liabilities	229,550	378,449	607,999	-
Total current liabilities	602,900	694,631	1,297,531	-
Long-term liabilities:				
Net pension liability (LGERS)	824,458	170,417	994,875	-
Total pension liability (LEOSSA)	231,673	-	231,673	-
Due in more than one year	3,433,062	6,064,448	9,497,510	-
Total liabilities	5,092,093	6,929,496	12,021,589	-
Deferred Inflows of Resources				
Pension deferrals	25,582	4,434	30,016	-
Total deffered inflows of resources	25,582	4,434	30,016	-
Net Position				
Net investment in capital assets	4,343,621	8,129,643	12,473,264	-
Restricted for:				
Stabilization by State Statute	766,757	-	766,757	58,132
Unrestricted	9,583,105	3,301,654	12,884,759	485,226
Total net position	$ 14,693,483	$ 11,431,297	$ 26,124,780	$ 543,358

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

TOWN OF BEECH MOUNTAIN

Exhibit 2

Statement of Activities
For the Year Ended June 30, 2020

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Beech Moutain Tourism Development Authority
Primary government:								
Governmental activities:								
General government	$ 2,648,761	$ 28,259	$ 28,208	$ -	$ (2,592,294)	$ -	$ (2,592,294)	$ -
Public safety	1,624,208	70,298	94,367	-	(1,459,543)	-	(1,459,543)	-
Transportation	1,404,026	-	398,607	-	(1,005,419)	-	(1,005,419)	-
Cultural and recreation	641,234	35,276	-	-	(605,958)	-	(605,958)	-
Special projects	103,201	-	-	-	(103,201)	-	(103,201)	-
Interest on long-term debt	34,248	-	-	-	(34,248)	-	(34,248)	-
Total governmental activities	6,455,678	133,833	521,182	-	(5,800,663)	-	(5,800,663)	-
Business-type activities:								
Water and Sewer	2,392,452	2,474,880	-	426,858	-	509,286	509,286	-
Sanitation	493,159	522,171	-	-	-	29,011	29,011	-
Total business-type activities	2,885,611	2,997,051	-	426,858	-	538,297	538,297	-
Total primary government	$ 9,341,289	$ 3,130,884	$ 521,182	$ 426,858	(5,800,663)	538,297	(5,262,366)	-
Component Unit:								
Tourism Development Authority	$ 363,786	$ -	$ -	$ -	-	-	-	(363,786)
Total component unit								
General revenues:								
Taxes:								
Property taxes, levied for general purpose					4,050,059	-	4,050,059	-
Other taxes and licenses					2,038,339	-	2,038,339	568,194
Investment earnings					110,984	20,336	131,320	2,924
Sale of capital assets					20,118	1,860	21,978	
Miscellaneous					245,437	334	245,771	2,100
Total general revenues not including transfers					6,464,937	22,530	6,487,467	573,218
Change in net position					664,274	560,827	1,225,101	209,432
Net position, beginning					14,029,209	10,870,470	24,899,679	333,926
Net position, ending					$ 14,693,483	$ 11,431,297	$ 26,124,780	$ 543,358

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

TOWN OF BEECH MOUNTAIN

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2020

	Major Funds				
	General Fund	Capital Project Fund	Emergency Telephone System	Total Nonmajor Funds	Total Governmental Funds
Assets					
Current assets:					
Cash and cash equivalents	$ 7,702,917	$ 2,633,167	$ 126,410	$ 12,868	$ 10,475,362
Prepaid expense	5,000	-	-	-	5,000
Taxes receivable, net	181,071	-	5,436	-	186,507
Accrued interest	5,001	-	-	-	5,001
Inventories	35,366	-	-	-	35,366
Due from other governments	756,756	-	-	-	756,756
Total assets	$ 8,686,111	$ 2,633,167	$ 131,846	$ 12,868	$ 11,463,992
Liabilities					
Accounts payable and accrued expenses	$ 310,063	$ 4,323	$ 832	$ -	$ 315,218
Due to component unit	58,132	-	-	-	58,132
Total liabilities	368,195	4,323	832	-	373,350
Deferred Inflows of Resources					
Property taxes receivable	181,071	-	-	-	181,071
Total deferred inflows of resources	181,071	-	-	-	181,071
Fund Balances					
Nonspendable:					
Inventories	35,366	-	-	-	35,366
Restricted:					
Stabilization by State Statute	766,757	-	-	-	766,757
Public safety	-	-	131,014	12,868	143,882
Public works facility	-	2,628,844	-	-	2,628,844
Committed:					
Uninsured Claims	100,000	-	-	-	100,000
Assigned:					
Subsequent Year's Expenditures:	1,531,254	-	-	-	1,531,254
Unassigned	5,703,468	-	-	-	5,703,468
Total fund balances	8,136,845	2,628,844	131,014	12,868	10,909,571
Total liabilities, deferred inflows of resources and fund balances	$ 8,686,111	$ 2,633,167	$ 131,846	$ 12,868	$ 11,463,992

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

TOWN OF BEECH MOUNTAIN

Exhibit 4

Reconciliation of the Governmental Funds Balance Sheet
To the Statement of Net Position
June 30, 2020

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balance, governmental funds		$ 10,909,571
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		
Gross capital assets at historical cost	$ 15,775,999	
Accumulated depreciation	(7,930,480)	7,845,519
Pension liabilities (LGERS & LEOSSA)		(1,056,131)
Deferred outflows of resources related to pensions are not reported in the funds		501,647
Deferred inflows ithe governmental funds are used to offset accounts receivable not expected to be available within 60 days of year-end.		181,071
Long-term liabilites are not due and payable in the current period and therefore are not reported in the funds.		
Long-term debt included as net position below (includes the addition of long-term debt and principal payments during the year)		(3,501,898)
Compensated absences		(160,714)
Pension related deferrals		(25,582)
Net position of governmental activities		$ 14,693,483

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

TOWN OF BEECH MOUNTAIN

Exhibit 5

Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
For the Year ended June 30, 2020

	Major Funds				
	General Fund	Capital Project Fund	Emergency Telephone System	Total Nonmajor Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	$ 4,158,429	$ -	$ -	$ -	$ 4,158,429
Other taxes and licenses	94,367	-	-	-	94,367
Unrestricted intergovernmental	2,038,339	-	-	-	2,038,339
Restricted intergovernmental	426,815	-	70,298	-	497,113
Permits and Fees	28,259	-	-	-	28,259
Sales and services	35,276	-	-	-	35,276
Investment earnings	109,958	82	944	-	110,984
Miscellaneous	238,887	-	-	6,550	245,437
Total revenues	7,130,331	82	71,242	6,550	7,208,205
Expenditures:					
Current					
General government	1,798,136	-	-	-	1,798,136
Public safety	1,631,835	-	53,487	382	1,685,704
Transportation	1,404,026	-	-	-	1,404,026
Cultural and recreation	641,234	-	-	-	641,234
Special projects	103,201	-	-	-	103,201
Debt service:					
Principal	91,684	-	-	-	91,684
Interest and other charges	34,248	-	-	-	34,248
Capital outlay:					
General government	56,320	751,238	-	-	807,558
Public safety	359,488	-	-	-	359,488
Transportation	821,557	-	-	-	821,557
Cultural and recreation	276,299	-	-	-	276,299
Special projects	17,454	-	-	-	17,454
Total expenditures	7,235,482	751,238	53,487	382	8,040,589
Revenues over (under) expenditures	(105,151)	(751,156)	17,755	6,168	(832,384)
Other Financing Sources (Uses):					
Sale of capital assets	20,118	-	-	-	20,118
Installment purchase issued	-	3,380,000	-	-	3,380,000
Net change in fund balances	(85,033)	2,628,844	17,755	6,168	2,567,734
Fund balances, beginning	8,221,878	-	113,259	6,700	8,341,837
Fund balances, ending	$ 8,136,845	$ 2,628,844	$ 131,014	$ 12,868	$ 10,909,571

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

TOWN OF BEECH MOUNTAIN

Exhibit 6

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2020

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental		$ 2,567,734
Governmental funds report capital outlays as expeditures. However, in the Statement of Activities, the cost of those assets is estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreci:		
Capital outlay expenditures which were capitalized	$ 2,282,356	
Depreciation expense for governmental assets	(571,230)	1,711,126
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		173,003
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		61,496
Revenues in the Statement of Activities that do not provide current financial resources are not reorted as revenues in the funds.		
Change in unavailable revenue for tax revenues		(108,371)
The issuance of long-term debt provides current fi funds, while the repayment of the principal of long financial resources of governemental funds. Neither tranaction 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		(3,380,000)
Principal payments on long-term debt		91,684
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		14,868
Pension expense		(467,266)
Total changes in net position of governmental activities		$ 664,274

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

TOWN OF BEECH MOUNTAIN

General Fund and Annually Budgeted Major Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2020

	General Fund			
Revenues:	**Original Budget**	**Final Budget**	**Actual**	**Variance With Final Budget Positive (Negative)**
Ad valorem taxes	$ 4,009,757	$ 3,991,757	$ 4,158,429	$ 166,672
Other taxes and licenses	105,000	105,000	94,367	(10,633)
Unrestricted intergovernmental	1,558,562	1,568,999	2,038,339	469,340
Restricted intergovernmental	217,058	421,655	426,815	5,160
Permits and Fees	30,500	30,500	28,259	(2,241)
Sales and services	50,000	50,000	35,276	(14,724)
Investment earnings	121,190	139,190	109,958	(29,232)
Miscellaneous	641,702	220,193	238,887	18,694
Total revenues	6,733,769	6,527,294	7,130,331	603,037
Expenditures:				
General government	1,882,997	1,936,998	1,854,456	82,542
Public Safety	2,182,432	2,062,432	1,991,323	71,109
Transportation	1,717,965	2,266,192	2,225,583	40,609
Cultural and Recreation	922,601	953,100	917,533	35,567
Special Projects	118,988	121,987	120,655	1,332
Debt Service	205,477	205,477	125,932	79,545
Total expenditures	7,030,460	7,546,186	7,235,482	310,704
Revenues over (under) expenditures	(296,691)	(1,018,892)	(105,151)	913,741
Other Financing Sources (Uses):				
Transfers to Other Funds	-	(150,000)	-	150,000
Sale of Capital Assets	-	5,000	20,118	15,118
Total other financing sources (uses)	-	(145,000)	20,118	165,118
Revenue and other financing sources over (under) expenditures and other financing uses	(296,691)	(1,163,892)	(85,033)	1,078,859
Appropriated Fund Balance	296,691	1,163,892	-	(1,163,892)
Net change in fund balance	$ -	$ -	(85,033)	$ (85,033)
Fund balance-beginning			8,221,878	
Fund balance - ending			$ 8,136,845	

cont.

General Fund and Annually Budgeted Major Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2020

	Emergency Telephone System Fund			
	Original Budget	Final Budget	Actual	Variance With Final Budget Positive (Negative)
Revenues:				
Restricted intergovernmental	$ 65,236	$ 65,236	$ 70,298	$ 5,062
Investment earnings	1,000	1,000	944	(56)
Miscellaneous	-	-	-	-
Total revenues	66,236	66,236	71,242	5,006
Expenditures:				
General government	-	-	-	-
Public Safety	87,930	87,930	53,487	34,443
Transportation	-	-	-	-
Cultural and Recreation	-	-	-	-
Special Projects	-	-	-	-
Debt Service	-	-	-	-
Total expenditures	87,930	87,930	53,487	34,443
Revenues over (under) expenditures	(21,694)	(21,694)	17,755	39,449
Other Financing Sources (Uses):				
Transfers from other funds	21,694	21,694	-	(21,694)
Net change in fund balance	$ -	$ -	17,755	$ 17,755
Fund balance-beginning			113,259	
Fund balance - ending			$ 131,014	

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

TOWN OF BEECH MOUNTAIN

Exhibit 8

Statement of Fund Net Position - Proprietary Funds
June 30, 2020

	Water and Sewer Fund	Sanitation Fund	Total
Assets			
Current assets:			
Cash and investments	$ 1,818,476	$ 898,604	$ 2,717,080
Restricted cash and investments	239,517	-	239,517
Accounts receivable, net	243,566	50,793	294,359
Due from other governments	428,736	-	428,736
Inventories	18,947	-	18,947
Total current assets	2,749,242	949,397	3,698,639
Noncurrent assets:			
Capital assets:			
Land, nondepreciable improvements, and construction in progress	626,481	138,690	765,171
Other capital assets, net of depreciation	13,522,162	242,908	13,765,070
Total noncurrent assets	14,148,643	381,598	14,530,241
Total assets	16,897,885	1,330,995	18,228,880
Deferred Outflows of Resources			
Pension deferrals	75,333	61,014	136,347
Total deferred outflows of resources			
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	66,747	9,918	76,665
Customer deposits	239,517	-	239,517
Notes payable	347,249	31,200	378,449
Total current liabilites	653,513	41,118	694,631
Noncurrent liablities:			
Notes payable	5,429,349	592,800	6,022,149
Compensated absences payable	33,728	8,571	42,299
Net pension liability	94,157	76,260	170,417
Total noncurrent liabilities	5,557,234	677,631	6,234,865
Total liabilities	6,210,747	718,749	6,929,496
Deferred Inflows of Resources			
Pension deferrals	2,450	1,984	4,434
Total deferred inflows of resources	2,450	1,984	4,434
Net position			
Net investment in capital assets	8,372,045	(242,402)	8,129,643
Unrestricted	2,387,976	913,678	3,301,654
Total net position	$10,760,021	$ 671,276	$11,431,297

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

TOWN OF BEECH MOUNTAIN

Exhibit 9

Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2020

	Major Enterprise Funds		
	Water and Sewer Fund	Sanitation Fund	Total
Operating Revenues:			
Charges for services	$ 2,471,643	$ 477,580	$ 2,949,223
Other operating revenues	3,237	44,591	47,828
Total operating revenues	2,474,880	522,171	2,997,051
Operating Expenditures:			
Administration	545,516	-	545,516
Water treatment and distribution	799,961	-	799,961
Waste collection and treatment	271,728	-	271,728
Taps and system maintenance	125,278	-	125,278
Sanitation	-	446,226	446,226
Depreciation	497,876	46,933	544,809
Total operating expenses	2,240,359	493,159	2,733,518
Operating Income (Loss)	234,521	29,012	263,533
Nonoperating Revenues (Expenditures):			
Investment earnings	17,439	2,897	20,336
Sale of capital assets	-	1,860	1,860
Miscellaneous income	334	-	334
Interest expense	(152,094)	-	(152,094)
Total nonoperating revenues (expenditures)	(134,321)	4,757	(129,564)
Income (loss) before contributions and transfers	100,200	33,769	133,969
Capital contributions	426,858	-	426,858
Change in net position	527,058	33,769	560,827
Net position - beginning	10,232,963	637,507	10,870,470
Net position - ending	$ 10,760,021	$ 671,276	$ 11,431,297

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

TOWN OF BEECH MOUNTAIN

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Major Enterprise Funds		
	Water and Sewer Fund	Sanitation Fund	Total
Cash Flows From Operating Activities:			
Cash received from customers	$ 2,035,651	$ 510,718	$2,546,369
Cash paid for goods and services	(951,629)	(131,583)	(1,083,212)
Cash paid to employees	(851,621)	(313,926)	(1,165,547)
Other operating revenues	334	-	334
Net cash provided (used) by operating activities	232,735	65,209	297,944
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(820,430)	(138,690)	(959,120)
Proceeds from sale of capital assets	-	1,860	1,860
Interest paid on bond maturities and equipment contracts	(152,094)	-	(152,094)
Principal paid on bond maturities and equipment contracts	(282,014)	-	(282,014)
Installment purchase issued	1,196,000	624,000	1,820,000
Capital contributions - State grants	426,858	-	426,858
Net cash provided (used) by capital and related financing activities	368,320	487,170	855,490
Cash Flows from Investing Activities:			
Interest on Investments	17,439	2,897	20,336
Net increase (decrease) in cash and cash equivalents	618,494	555,276	1,173,770
Balances, beginning	1,439,499	343,328	1,782,827
Balances, ending	$ 2,057,993	$ 898,604	$2,956,597

cont.

TOWN OF BEECH MOUNTAIN

Exhibit 10
Page 2 of 2, cont.

Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2020

	Major Enterprise Funds		
	Water and Sewer Fund	Sanitation Fund	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:			
Operating income	$ 234,521	$ 29,012	$ 263,533
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	497,876	46,933	544,809
Miscellaneous income (expense)	334	-	334
Changes in assets, deferred outflows of resources, and liabilities:			-
(Increase) decrease in accounts receivable, net	(15,543)	(11,453)	(26,996)
(Increase) decrease in due from other governments	(428,736)	-	(428,736)
(Increase) decrease in inventory	(18,947)	-	(18,947)
Increase (decrease) in accounts payable and accrued liabilities	(32,081)	259	(31,822)
Increase (decrease) in customer deposits	5,050	-	5,050
Increase (decrease) in compensated absences payable	(9,739)	458	(9,281)
Total adjustments	(1,786)	36,197	34,411
Net cash provided (used) by operating activities	$ 232,735	$ 65,209	$ 297,944

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

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Beech Mountain, North Carolina and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Beech Mountain (the "Town"), North Carolina is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Beech Mountain Tourism Development Authority (Authority)

The members of the Authority's governing board are appointed by the Town. The Authority which has a June 30 year-end is presented as if it were a government fund (discrete presentation). Complete financial statements for the Authority may be obtained from the entity's administrative offices at Beech Mountain Tourism Development Authority, 403 Beech Mountain Parkway, Beech Mountain, NC 28604.

B. Basis of Presentation

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary government. 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 keys 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.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category - *governmental and proprietary* - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental 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 principle activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

The Town reports the following major governmental funds:

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

Capital Project Fund. This fund is used to account for the construction of a public works facility.

Emergency Telephone System Special Revenue Fund. This fund is used to account for 911 revenues received by the State 911 Board to enhance the State's 911 system.

The Town reports the following non-major governmental funds:

Special Police Revenue Fund. This fund is used to account for police revenues for special projects.

The Town reports the following major enterprise funds:

Water and Sewer Fund. This fund is used to account for the Town's water and sewer operations. Water and Sewer Capital Projects fund has been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for various Water and Sewer Capital Projects has been included in the supplementary information.

Sanitation Fund. This fund is used to account for the Town's sanitation operations.

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements: The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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 in 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 (a) charges to customers or applicants for goods, services, or privileges provided, (b) operating grants and contributions, and c) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than 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 cover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town considers all revenues available if they are collected within 60 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, 2014, and for the 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 utilities franchise tax, collected and held by the State at the year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Beech Mountain because the tax is levied by Watauga and Avery County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. 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 the program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone Special Revenue Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Capital Projects Funds. 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 object level for the multi-year funds. All amendments must be approved by the governing board. During the year, several amendments to the original budget were

necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the Town and the Authority are made in board-designated official depositories and are secured as required by State law (G.S. 159-31). The Town and the Authority may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and the Authority 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 the Authority 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 the Authority's investments are reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT-Term Portfolio is a bond fund, has not 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.

In accordance with State law, the Town has invested in securities which are callable, and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

2. Cash and Cash Equivalents

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

3. 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 they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4.

Town of Beech Mountain Restricted Cash:

Governmental activities	
General Fund:	
Streets	$ -
Business-type activities	
Water and Sewer Fund:	
Customer deposits	239,517
Total restricted cash	$ 239,517

4. Ad Valorem Taxes Receivable

In accordance with State Law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values of January 1, 2018.

5. Allowances 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.

6. Inventory and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of gasoline and diesel fuel that are recorded as expenditures as used 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.

7. 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 as follows: land, $1; buildings, improvements, infrastructure, furniture, equipment, vehicles and motorized equipment, and computer software, $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.

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

Asset Class	Estimated Useful Lives
Infrastructure	20
Buildings and equipment	40
Improvements	40
Vehicles	5
Furniture and equipment	7
Computer equipment and software	5

8. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation with such leave being fully vested when earned. 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 Town's sick leave policy provides 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.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Financial Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals in the 2020 fiscal year. In addition to liabilities, the Statement of Financial Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has two items that meet the criterion for this category - property taxes receivable and pension deferrals.

10. 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 the 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.

11. Net Position/Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements is 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 five 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:

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

Inventories - portion of fund balance that is not an available resource because it represents the year end balance of ending inventories, which are not expendable resources.

Prepaid expenses - portion of fund balance that is not an available resource because it represents prepaid items, which are not spendable resources.

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 fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

Restricted for 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 unexpended Powell Bill Funds.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Uninsured Claims - portion of fund balance that is set aside to cover uninsured claims of employees in the amount of $100,000.

Assigned Fund Balance - portion of fund balance that the Town intends to use for specific purposes.

Subsequent year's expenditures - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriation by resource or appropriation within funds up to 10% of the departmental appropriation.

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

The Town of Beech Mountain 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/debt proceeds, Federal funds, State funds and 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 of Beech Mountain has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures. Any portion of the general fund balance in excess of 10% of budgeted expenditures may be appropriated for a one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

12. Interfund Transactions

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

13. Use of Estimates

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

14. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, 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 Beech Mountain's employer contributions are recognized when due and the Town of Beech 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.

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

II. Stewardship, Compliance and Accountability

A. Excess of Expenditures over Appropriations

None noted.

III. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town 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 agents in this unit's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their name. 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 or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town 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 provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Authority has no formal policy regarding custodial credit risk for deposits.

At June 30, 2020, the Town's deposits had a carrying amount of $5,242,885, and a bank balance of $5,534,062. Of the bank balance, $603,750 was covered by FDIC and the remainder was covered by collateral held under the pooling method. At June 30, 2020, the Town's petty cash fund totaled $250.

At June 30, 2020, the Authority deposits had a carrying amount of $320,951 and a bank balance of $329,279. All of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2020, the Town's investments consisted of the following:

Investment Type	Valuation Measurement Method	Fair Value	Maturity	Rating
NC Capital Management Trust - Term Portfolio	Fair Value - Level 1	$ 5,960,682	.11 years	Unrated
NC Capital Management Trust - Government Porfolio	Fair Value - Level 1	2,228,142	N/A	AAAm
Total		$ 8,188,824		

At June 30, 2020, the Authority's investments consisted of the following:

Investment Type	Valuation Measurement Method	Fair Value	Maturity	Rating
NC Capital Management Trust - Term Portfolio	Fair Value - Level 1	$ 101,376	.11 years	Unrated
NC Capital Management Trust - Government Portfolio	Fair Value - Level 1	62,899	N/A	AAAm
Total		$ 164,275		

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 groups of assets.

Level of fair value hierarchy: Level 1: Debt Securities valued using the directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk. The Town does not have a formal investment policy regarding interest rate risk.

Credit Risk. The Town has no formal policy regarding credit risk but has internal management procedures that limit the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust's Government Portfolio carried a credit rating of AAAm by Standard and Poor's as of June 30, 2020. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

3. Receivables - Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2020 are net of the following allowances for doubtful accounts:

Fund	
General Fund:	
Taxes receivable	$ 20,200
Enterprise Fund:	
Utilities receivable	32,025
Total	$ 52,225

4. Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities:					
Capital assets not being depreciated:					
Land	$1,035,948	$ -	$ -	$ -	$1,035,948
Construction in progress	-	751,238	-	-	751,238
Total capital assets not being depreciated	1,035,948	751,238	-	-	1,787,186
Capital assets being depreciated:					
Buildings	3,791,916	19,801	-	-	3,811,717
Other improvements	906,624	535,642	-	-	1,442,266
Equipment and furniture	3,431,483	80,154	167,355	-	3,344,282
Vehicles	2,523,374	188,820	-	24,999	2,737,193
Infrastructure	1,946,653	706,702	-	-	2,653,355
Total capital assets being depreciated	12,600,050	1,531,119	167,355	24,999	13,988,813
Less accumulated depreciation for:					
Buildings	1,590,656	94,697	-	-	1,685,353
Other improvements	425,293	35,203	-	-	460,496
Equipment and furniture	2,834,857	137,216	143,181	-	2,828,892
Vehicles	1,836,808	229,792	-	1,669	2,068,268
Infrastructure	813,148	74,322	-	-	887,469
Total accumulated depreciation	7,500,762	571,230	143,181	1,669	7,930,478
Total capital assets being depreciated, net	5,099,288				6,058,335
Governmental activity capital assets, net	$6,135,236				$7,845,519

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

Governmental activities:	
General government	$ 39,114
Public safety	167,409
Cultural and Recreational	137,193
Transportation	227,514
Total depreciation expense	$571,230

Proprietary Capital Assets

Capital assets of the proprietary fund of the Town at June 30, 2020 were as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-type Activities:					
Sanitation Fund:					
Capital assets being depreciated:					
Land Improvements	$ 122,888	$ -	$ -	$ -	$ 122,888
Equipment	34,209	-	-	-	34,209
Vehicles	661,739	-	-	-	661,739
Total capital assets being depreciated	818,836	-	-	-	818,836
Less accumulated depreciation for:					
Land improvements	35,154	3,070	-	-	38,224
Equipment	20,811	2,650	-	(264)	23,197
Vehicles	473,030	41,477	-	-	514,507
Total accumulated depreciation	528,995	47,197	-	(264)	575,928
Total capital assets being depreciated	289,841				242,908
Sanitation fund capital assets, net	289,841				242,908

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Business-type Activities:					
Water and Sewer Fund:					
Capital assets not being depreciated:					
Land	765	-	-	-	765
Construction in progress	-	764,406	-	-	764,406
Total capital assets not being depreciated	765	764,406	-	-	765,171
Capital assets being depreciated:					
Buildings and land improvements	95,712	-	-	-	95,712
Water facilities	14,408,424	-	-	-	14,408,424
Sewer facilities	6,326,289	-	-	-	6,326,289
Furniture and equipment	313,665	71,210	-	-	384,875
Vehicles	348,719	123,506	-	-	472,225
Total capital assets being depreciated	21,492,809	194,716	-	-	21,687,525
Less accumulated depreciation for:					
Buildings and land improvements	21,228	2,360	-	-	23,588
Water facilities	4,034,533	190,190	-	-	4,224,723
Sewer facilities	3,319,001	202,294	-	-	3,521,295
Furniture and equipment	120,220	92,142	-	-	212,362
Vehicles	172,505	10,888	-	-	183,393
Total accumulated depreciation	7,667,487	497,874	-	-	8,165,361
Total assets being depreciated, net					13,522,164
Water and sewer fund capital assets, net	13,826,087				14,287,335
Business-type activities capital assets, net	$14,115,92				$14,530,241

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided: LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service an 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 a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions: Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Beech 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's

contractually required contribution rate for the year ended June 30, 2020 was 9.70% of compensation for law enforcement officers and 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 Town were $234,499 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 $994,875 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 0.03643%, which was an increase of 0.03712% from its portion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of $444,774. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 170,348	$ -
Changes of assumptions	162,148	-
Net difference between projected and actual earnings on pension plan investments	24,266	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,544	12,172
Employer contributions subsequent to the measurement date	234,499	-
Total	$ 597,805	$ 12,172

$234,499 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ending June 30, 2021. Other amounts reported as deferred inflows or outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	$178,815
2022	52,312
2023	92,417
2024	27,591
2025	-
Thereafter	-
Total	$ 351,135

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	3.5% to 8.10%, including inflation and productivity factor
Investment rate of return	7.00%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study of the period ending 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%
Total	100%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 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 calculation from nominal rates 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 7.0%. The projection of cash flows used to determine the discount rate assumed that contribution from plan members will be made at the current contribution rate ant 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 member. Therefore, the long-term expected rate of return on pension plan investments was applied to all period of projected benefits payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability (Asset) to Changes in the Discount Rate: The following presents the Town's proportionate share of the net pension liability (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 1-percentage-point lower (6.00%) or 1-percentage-point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	$2,275,461	$ 994,875	$ 69,551

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

1. Plan Description

The Town 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 .85% 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 that 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:

Inactive members currently receiving benefits	1
Active plan members	10
Total	11

2. 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 criteria which are outlined in GASB Statements 73.

3. Actuarial Assumptions

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

Inflation	2.50%
Salary increase	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.

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

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operation budget. There were no contributions made by the employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid $4,350 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 $231,673. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of $22,492.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$22,683	$10,935
Changes of assumptions and other inputs	13,156	6,909
Benefit payments and plan administrative expenses subsequent to the measurement date	4,350	-
Total	$40,189	$17,844

$4,350 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	$ 3,207
2022	3,207
2023	3,664
2024	2,709
2025	5,208
Thereafter	-

$4,350 paid as benefits came due and $-0- of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate: The following presents the Town's total pension liability calculated using the discount rate of 3.26%, 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%) or 1-percentage-point higher (4.26%) than the current:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Town's proportionate share of the net pension liability (asset)	$ 251,891	$ 231,673	$ 213,080

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

Beginning balance	$ 182,642
Service cost at end of year	12,266
Interest	6,569
Changes of benefit terms	-
Differences between expected and actual experience	27,293
Changes of assumptions and other inputs	7,253
Benefit payments	(4,350)
Other changes	-
Ending balance of the total pension liability	$ 231,673

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.

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

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

	LGERS	LEOSSA	Total
Pension Expense	$ 444,774	$ 22,492	$ 467,266
Pension Liability	994,875	231,673	1,226,548
Proportionate share of the net pension liability	0.03643%	N/A	
Deferred of Outflows of Resources:			
Difference between expected and actual experience	170,348	22,683	193,031
Change in assumptions and other inputs	162,148	13,156	175,304
Net difference between projected and actual earnings on plan investments	24,266	-	24,266
Change in proportion and differences between contributions and proportionate share of contributions	6,544	-	6,544
Benefit payments and administrative cost paid subsequent to measurement date	234,499	4,350	238,849
Deferred of Inflows of Resources:			
Difference between expected and actual experience	-	10,935	10,935
Change in assumptions	-	6,909	6,909
Change in proportion and differences between contributions and proportionate share of contributions	12,172	-	12,172

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 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 the pension trust fund financial statements for the Internal Revenue Code Section 401(k) Plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Serve 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% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2020 were $43,767, which consisted of $26,932 from the Town and $16,835 from the law enforcement officers.

The Town has also elected for all employees not engaged in law enforcement to be covered under the Supplemental Retirement Income Plan. The Town contributes a match up to 6% of the employee's monthly compensation to the plan. Total contributions for the year ended June 30, 2020 were $165,239, which consisted of $78,669 from the Town and $86,570 from the employees.

d. Other Employment Benefits

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's salary in a row during the 24 months prior to the employee's death, but the benefit will be a minimum of $25,000 and will not exceed $50,000. 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 not set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources at year end are comprised of the following:

Contributions to pension plan in current fiscal year	$ 234,499
Benefit payments made and administrative expenses for LEOSSA	4,350
Differences between expected and actual experience	193,031
Changes of assumptions and other inputs	175,304
Net difference between projected and actual earnings on pension plan investments	24,266
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,544
Total	$ 637,994

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund), less penalties	$ -	$ 181,071
Changes in assumptions	6,909	-
Differences between expected and actual experience	10,935	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	12,172	-
Total	$ 30,016	$ 181,071

3. 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 two 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, and workers' compensation coverage up to statutory limits. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request. The Town purchases employee health insurance from a private insurance company. The health insurance plan is fully insured by the private carrier.

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

In accordance with G.S. 159-29, the Town's employees that have access to $100 or more at any given time of the Town's funds are performance-bonded through a commercial surety bond. The finance officer and tax collector are each indvidually bonded for $220,000 $50,000, respectively. The remaining employees that have access to funds are bonded under a blanket bond for $10,000.

4. Long-Term Obligations

Installment Purchases

The Town has entered into three promissory notes to finance the construction of three separate sewer projects. The proceeds of these loans were made available by the U.S. Environment Protection Agency, and the loans are administered by the N.C. Department of Environment, Health, and Natural Resources. The first note requires annual principal payments of $11,250 plus interest rate at a rate of 3.37 percent. The second note requires annual principal payments of $18,575 plus interest at a rate of 2.95 percent. The third note requires annual principal payments of $102,450 plus interest at a rate of 2.265 percent. The outstanding principal balance at June 30, 2020 was $796,819.

On April 15, 2011, the Town entered into an installment purchase contract with BB&T to purchase radio read water meters. The financing service contract is being serviced by the Water and Sewer Fund and requires semi-annual principal and interest payments $55,634, with an interest rate of 3.11 percent. The outstanding principal balance at June 30, 2020 was $108,725.

On May 25, 2017, the Town entered into an installment purchase contract with BB&T to purchase a motor grader and maintenance equipment. The financing service contract is being serviced by the Water and Sewer Fund and the General Fund and requires annual principal and interest payments of $83,199, with an interest rate of 2.10 percent. The total outstanding principal balance at June 30, 2020 was $161,086.

On March 17, 2020, the Town entered into an installment purchase contract with BB&T for the construction of a public works facility. The financing service contract is being serviced by the General Fund (65%), the Water and Sewer Fund (23%), and the Sanitation Fund (12%) and requires principal payments of $260,000 plus interest at a rate of 2.79%. The total outstanding principal balance at June 30, 2020 was $5,200,000.

The future minimum payments of installment purchases as of June 30, 2020 are as follows:

	Governmental Activities		Business Type Activities	
Year Ending June 30	Principal	Interest	Principal	Interest
2021	$ 229,550	$ 96,983	$ 318,449	$ 69,979
2022	230,348	90,942	210,142	62,203
2023	169,000	84,872	190,602	56,980
2024	169,000	80,157	190,602	52,185
2025	169,000	75,442	190,602	47,391
2026-2030	845,000	306,482	654,205	171,796
2031-2035	845,000	188,604	455,000	101,556
2036-2040	845,000	70,727	455,000	38,084
Total	$3,501,898	$994,209	$2,664,602	$ 600,174

Revenue Bond

$4,300,000 Water and Sewer Revenue Bonds, Series 2017, issued for water and sewer system improvements. Principal installments are due annually on June 1st and their interest rate is 3.375%.

The future payments of the revenue bonds are as follows:

Year Ending June 30	Principal	Interest
2021	$ 60,000	$ 137,666
2022	62,000	135,641
2023	64,000	133,549
2024	66,000	131,389
2025	68,000	129,161
2026-2030	378,000	608,660
2031-2035	445,000	541,519
2036-2040	526,000	461,126
2041-2045	621,000	366,188
2046-2050	734,000	254,003
2051-2055	866,000	121,534
2056	189,000	6,379
Total	$4,079,000	$3,026,815

At June 30, 2020, the Town of Beech Mountain had a legal debt margin of $34,406,653.

Changes in Long-Term Liabilities:

Governmental activities:	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020	Current Portion of Long-term Debt
Installment purchases	$ 180,870	$3,380,000	$ 58,972	$3,501,898	$ 229,550
Net pension liability (LGERS)	710,196	114,262	-	824,458	-
Total pension liability (LEO)	182,642	49,031	-	231,673	-
Compensated absences	175,582	-	14,868	160,714	-
Governmental activity long-term liabilities	$1,249,290	$3,543,293	$ 73,840	$4,718,743	$ 229,550
Business-type activities:					
Installment purchases	$1,168,746	$1,820,000	$224,015	$2,764,731	$ 378,449
Revenue bonds	3,693,865	-	58,000	3,635,865	-
Net pension liability (LGERS)	170,417	-	-	170,417	-
Compensated absences	51,579	-	9,280	42,299	-
Business-type activity long-term liabilities	$5,084,607	$1,820,000	$ 291,295	$6,613,312	$ 378,449

5. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2020 consist of the following:

From the Water and Sewer Fund to the Water and Sewer Capital Project Fund - Watauga River Intake	$ 74,206
From the Water and Sewer Fund to the Water and Sewer Capital Reserve Fund	33,755
Total	$ 107,961

6. Net Investment in Capital Assets

	Governmental Activities	Business-type Activities
Capital assets	$7,845,519	$14,530,241
Less: long-term debt	(3,501,898)	(6,400,596)
Add: unexpended debt proceeds	-	-
Net investment in capital asset	$4,343,621	$8,129,643

7. Fund Balance

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

Total fund balance-General Fund	$8,136,845
Less:	
Stabilization by State Statute	766,757
Inventories	35,366
Uninsured Claims	100,000
Appropriated Fund Balance in 2020-2021 budget	1,531,254
Remaining fund balance	5,703,468

The Town has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 10% of budgeted expenditures.

III. Related Party Transactions and Commitments

On July 9, 1996, the Town entered into a contractual agreement with the Beech Mountain Volunteer Fire Department which expresses the intent of the Town to support the Fire Department financially in return for adequate fire protection for all property located within the Beech Mountain Fire District. The agreement requires the Town to pay at least $25,210 to the Fire Department annually as of January 1 each year beginning with 1997 and ending in the year 2005. The agreement is automatically renewable each year unless terminated in writing by either party. During the year ended June 30, 2020, the Town paid $26,000 to the Fire Department in accordance with the terms of this agreement.

The Town entered into an agreement with the Beech Mountain Volunteer Fire Department in October 2014 to provide fire and emergency services within the corporate limits of the Town beginning July 1, 2014 and ending June 30, 2020. The Town did not assume responsibility for the obligations of the outstanding loans; however paid $63,000 to the Beech Mountain Volunteer Fire Department to pay principal and interest.

V. Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs:

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

VI. Significant Effects of Subsequent Events

Management has evaluated subsequent events through December 3, 2020, the date on which the financial statements were available to be issued. During the period from the end of the year and through this date, no circumstances occurred that require recognition or disclosure in these financial statements.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BEECH MOUNTAIN

Schedule 1

Schedule of Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Local Government Employees' Retirement System
Last Seven Fiscal Years*

	2020	2019	2018	2017	2016	2015	2014
Proportion of the net pension liability (asset) (%)	0.03643%	0.03712%	0.03956%	0.03800%	0.03454%	0.03713%	0.03830%
Proportion of the net pension liability (asset) ($)	$ 994,875	$ 880,613	$ 604,367	$ 806,487	$ 155,018	$ (218,973)	$ 461,662
Town of Beech Mountain's covered payroll	$ 2,563,363	$ 2,308,645	$ 2,432,357	$ 2,436,264	$ 2,436,264	$ 2,140,659	$ 2,010,980
Proportionate share of the net pension liability (asset) as a percentage of its covered employee payroll	38.81%	38.14%	24.85%	33.10%	6.36%	-10.23%	22.96%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.41%	98.09%	102.64%	94.35%

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

Pension schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

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

TOWN OF BEECH MOUNTAIN

Schedule 2

Schedule of Employer Contributions
Required Supplementary Information
Local Government Employees' Retirement System
Last Seven Fiscal Years

	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 234,499	$202,035	$177,308	$176,758	$154,696	$153,802	$142,896
Contributions in relation to the contractually required contribution	234,499	202,035	177,308	176,758	154,696	153,802	142,896
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Town of Beech Mountain's covered payroll	$ 2,818,656	$2,563,363	$2,308,645	$2,432,357	$2,436,264	$2,140,659	$2,010,980
Contributions as a percentage of covered payroll	8.32%	7.88%	7.68%	7.27%	6.35%	7.18%	7.11%

TOWN OF BEECH MOUNTAIN

Schedule 3

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Three Four Years

	2020	2019	2018	2017
Beginning Balance	$ 182,642	$ 190,621	$ 168,068	$ 155,826
Service Cost	12,266	10,502	11,086	11,129
Interest	6,569	5,952	6,424	5,563
Differences between expected and actual experience	27,293	(12,046)	(5,634)	-
Changes of assumptions or other inputs	7,253	(7,863)	13,983	(4,450)
Benefit payments	(4,350)	(4,524)	(3,306)	-
Other	-	-	-	-
Ending balance of the total pension liability	$ 231,673	$ 182,642	$ 190,621	$ 168,068

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

*Pension schedules are intended to show information for ten years, additional years' information will be displayed as it comes available.

TOWN OF BEECH MOUNTAIN

Schedule 4

Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
Last Four Fiscal Years

	2020	2019	2018	2017
Total pension liability	$231,673	$182,642	$ 190,621	$ 168,068
Covered payroll	$ 481,714	432,234	455,944	436,781
Total pension liability as a percentage of covered payroll	48.09%	42.26%	41.81%	38.48%

Notes to the Schedules:

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

INDIVIDUAL FUND SCHEDULES AND OTHER SCHEDULES

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2020

	2020			
	Budget	Actual	Variance Positive (Negative)	2019 Actual
Revenues:				
Ad valorem taxes:				
Taxes	$ -	$ 4,116,504	$ -	$ 3,792,657
Penalties and interest	-	41,926	-	212,222
Total	3,991,757	4,158,429	166,672	4,004,879
Other taxes and licenses:				
Fire district	-	94,367	-	78,031
Total	105,000	94,367	(10,633)	78,031
Unrestricted intergovernmental revenues:				
Local option sales taxes	-	1,446,235	-	1,661,506
Utilities franchise tax	-	283,713	-	296,526
Hold harmless	-	278,523	-	-
Video franchise Tax	-	28,414	-	29,512
Beer and wine tax	-	1,454	-	1,456
Total	1,568,999	2,038,339	469,340	1,989,000
Restricted intergovernmental revenues:				
Powell Bill street aid allocation	-	111,393	-	112,058
CARES Act	-	28,208	-	-
NC DOT grant	-	287,214	-	42,566
Total	421,655	426,815	5,160	154,624
Permits and fees:				
Inspection Fees	-	25,719	-	22,889
Planning and zoning Fees	-	2,540	-	3,160
Total permits and fees	30,500	28,259	(2,241)	26,049

cont.

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2020

	2020			
	Budget	Actual	Variance Positive (Negative)	2019 Actual
Sales and services:				
Recreation department fees	$ -	$ 35,276	$ -	$ 48,468
Total sales and service	50,000	35,276	(14,724)	48,468
Investment earnings:				
General	-	109,958	-	162,245
Total investment earnings	139,190	109,958	(29,232)	162,245
Miscellaneous:				
Other	-	238,887	-	256,206
Total miscellaneous	220,193	238,887	18,694	256,206
Total revenues	6,527,294	7,130,331	603,037	6,719,502
Expenditures:				
General government:				
Administration:				
Salaries and employee benefits	-	273,538	-	250,752
Operating expenditures	-	1,477,036	-	1,476,023
Capital outlay	-	56,320	-	28,533
Total administration	1,879,680	1,806,894	72,786	1,755,308
Tax collection:				
Salaries and employee benefits	-	39,362	-	35,156
Operating expenditures	-	8,200	-	7,058
Total tax collection	57,318	47,562	9,756	42,214
Total general government	1,936,998	1,854,456	82,542	1,797,522

cont.

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2020

	2020			
	Budget	Actual	Variance Positive (Negative)	2019 Actual
Public safety:				
Police:				
Salaries and employee benefits	$ -	$ 945,935	$ -	$ 953,671
Operating expenditures	-	133,330	-	114,958
Capital outlay	-	44,705	-	225,703
Total police	1,153,508	1,123,970	29,538	1,294,332
Fire Department:				
Salaries and employee benefits	-	98,325	-	96,651
Other expenditures	-	198,166	-	235,501
Capital outlay	-	7,500	-	276,966
Total fire department	326,827	303,991	22,836	609,118
Inspections:				
Salaries and employee benefits	-	77,809	-	96,775
Other operating expenditures	-	17,468	-	11,401
Total inspections	99,755	95,277	4,478	108,176
Planning:				
Salaries and employee benefits	-	128,293	-	137,260
Other operating expenditures	-	32,509	-	24,664
Capital outlay	-	307,283	-	-
Total planning	482,342	468,085	14,257	161,924
Total public safety	2,062,432	1,991,323	71,109	2,173,550
Transportation:				
Vehicle maintenance:				
Salaries and employee benefits	-	75,282	-	140,774
Other expenditures	-	40,941	-	(3,877)
Capital outlay	-	-	-	7,495
Total vehicle maintenance	130,259	116,223	14,036	144,392

cont.

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2020

	2020			
	Budget	Actual	Variance Positive (Negative)	2019 Actual
Road Maintenance:				
Salaries and employee benefits	$ -	$ 595,752	$ -	$ 569,224
Other expenditures	-	692,051	-	512,567
Capital outlay	-	821,557	-	77,920
Total road maintenance	2,135,933	2,109,360	26,573	1,159,711
Total transportation	2,266,192	2,225,583	40,609	1,304,103
Cultural and Recreation:				
Salaries and employee benefits	-	400,050	-	359,325
Other expenditures	-	241,184	-	228,881
Capital outlay	-	276,299	-	124,601
Total cultural and recreation	953,100	917,533	35,567	712,807
Special Projects:				
Salaries and employee benefits	-	99,103	-	89,477
Other expenditures	-	4,098	-	928
Capital outlay	-	17,454	-	-
Total special projects	121,987	120,655	1,332	90,405
Debt Service:				
Principal retirement	-	91,684	-	188,745
Interest and other charges	-	34,248	-	38,465
Total debt service	205,477	125,932	79,545	227,210
Total expenditures	7,546,186	7,235,482	310,704	6,305,597

cont.

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2020

	2020			
	Budget	Actual	Variance Positive (Negative)	2019 Actual
Revenues over (under) expenditures	$ (1,018,892)	$ (105,151)	$ 913,741	$ 413,905
Other Financing Sources (Uses):				
Transfers Out:				
Water and Sewer Fund	(150,000)	-	150,000	(150,000)
Sale of Capital Assets	5,000	20,118	15,118	7,092
Total other financing sources (uses)	(145,000)	20,118	165,118	(142,908)
Fund balance appropriated	1,163,892	-	(1,163,892)	-
Net change in fund balance	$ -	(85,033)	$ (85,033)	270,997
Fund balance-beginning		8,221,878		7,950,881
Fund balance - ending		$ 8,136,845		$ 8,221,878

TOWN OF BEECH MOUNTAIN

Schedule 6

Capital Projects Fund - Public Works Facility
Scehdule of Revenues, Expenditures, and Changes in Fund Balalnce
Budget and Actual
From Inception and For the Year Ended June 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	$ -	$ -	$ 82	$ 82	$ 82
Expenditures:					
Utilities, building and grounds	3,022,058	-	650,750	650,750	2,371,308
Supplies	210,249	-	4,322	4,322	205,927
Contract services	147,693	-	96,166	96,166	51,527
Total expenditures	3,380,000	-	751,238	751,238	2,628,763
Revenues over (under) expenditures	(3,380,000)	-	(751,156)	(751,156)	2,628,844
Other Financing Sources (Uses):					
Installment purchase issued	3,380,000	-	3,380,000	3,380,000	-
Revenues and other sources over (under) expenditures	$ -	$ -	2,628,844	$ 2,628,844	$ 2,628,844
Fund balance, beginning			-		
Fund balance, ending			$ 2,628,844		

TOWN OF BEECH MOUNTAIN

Schedule 7

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Emergency Telephone System Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Restricted intergovernmental	$ 65,236	$ 70,298	$ 5,062
Investment earnings	1,000	944	(56)
Total revenues	66,236	71,242	5,006
Expenditures:			
Operating	86,130	53,487	32,643
Capital outlay	1,800	-	1,800
Total expenditures	87,930	53,487	34,443
Revenues over (under) expenditures	(21,694)	17,755	39,449
Other Financing Sources (Uses):			
Transfer from capital reserve fund	21,694	-	(21,694)
Net change in fund balance	$ -	17,755	$ 17,755
Fund balance - beginning of year		113,259	
Fund balance - end of year		$ 131,014	

TOWN OF BEECH MOUNTAIN

Schedule 8

Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
Nonmajor Special Revenue Fund - Special Police Revenue Fund
For the Year Ended June 30, 2020

	Final Budget	Actual	Variance Positive (Negative)
Revenues:			
Miscellaneous	$ 500	$ 6,550	$ 6,050
Expenditures:			
Other	500	382	118
Net change in fund balance	$ -	6,168	$ 6,168
Fund balance - beginning of year		6,700	
Fund balance - end of year		$ 12,868	

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Water and Sewer Fund
For the Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services	$ 2,292,646	$ 2,471,643	$ 178,997
Other operating revenues:			
Miscellaneous	2,500	3,237	737
Nonoperating revenues:			
Interest earnings	22,000	17,410	(4,590)
Total revenues	2,317,146	2,492,290	175,144
Expenditures:			
Water and sewer administration:			
Salaries and employee benefits	392,708	385,269	7,439
Other operating expenditures	199,765	160,247	39,518
Total water and sewer administration	592,473	545,516	46,957
Water treatment:			
Salaries and employee benefits	287,878	303,230	(15,352)
Other operating expenditures	522,394	506,469	15,925
Total water treatment	810,272	809,699	573
Waste collection and treatment:			
Salaries and employee benefits	120,462	108,173	12,289
Other operating expenditures	164,850	163,555	1,295
Total waste collection and treatment	285,312	271,728	13,584
Tap and system maintenance:			
Salaries and employee benefits	40,346	45,211	(4,865)
Other operating expenditures	118,050	80,067	37,983
Total tap and system maintenance	158,396	125,278	33,118
Debt service:			
Interest and other charges	195,550	152,094	43,456
Principal retirement	303,986	281,618	22,368
Total debt service	499,536	433,712	65,824

cont.

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
Water and Sewer Fund
For the Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Capital outlay:			
Capital outlay	$ 540,000	$ 194,716	$ 345,284
Total expenditures	2,885,989	2,380,649	505,340
Revenues over (under) expenditures	(568,843)	111,641	680,484
Other Financing Sources (Uses):			
Transfer to:			
Capital Reserve	150,000	-	(150,000)
Sale of capital assets	2,000	334	(1,666)
Fund balance appropriated	416,843	-	(416,843)
Total other financing sources (uses)	568,843	334	(568,509)
Revenues and other sources over (under) expenditures and other uses	$ -	111,975	$ 111,975
Reconciliation From Budgetary Basis (Modified Accrual) to Full Accrual:			
Reconciling items:			
Principal retirement		281,618	
Depreciation		(497,876)	
Capital outlay		194,716	
(Increase) decrease in accrued vacation		9,738	
Water and Sewer Capital Projects interest earned		29	
Capital contributions		426,858	
Change in net position		$ 527,058	

TOWN OF BEECH MOUNTAIN

Schedule 10

Water and Sewer Capital Project - Water Treatment Plant
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	$ -	$ 36,130	$ -	$ 36,130	$ 36,130
Miscellaneous	-	10,863	-	10,863	10,863
Total revenues	-	46,993	-	46,993	46,993
Expenditures:					
Construction costs	6,175,000	5,485,231	-	5,485,231	689,769
Total expenditures	6,175,000	5,485,231	-	5,485,231	689,769
Revenues over (under) expenditures	(6,175,000)	(5,438,238)	-	(5,438,238)	736,762
Other Financing Sources (Uses):					
Loan proceeds	4,300,000	4,300,000	-	4,300,000	-
Transfers (to) from other funds:					
General fund	1,400,000	1,400,000	-	1,400,000	-
Water and Sewer fund	-	-	(581,762)	(581,762)	(581,762)
Capital reserve fund	475,000	320,000	-	320,000	(155,000)
Total other financing sources (uses)	6,175,000	6,020,000	(581,762)	5,438,238	(736,762)
Revenues and other sources over (under) expenditures	$ -	$ 581,762	(581,762)	$ -	$ -
Fund balance, beginning			581,762		
Fund balance, ending			$ -		

Project closed at June 30, 2020.

TOWN OF BEECH MOUNTAIN

Schedule 11

Water and Sewer Capital Project - Watauga River Intake
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual: Prior Years	Actual: Current Year	Actual: Total to Date	Variance Positive (Negative)
Revenues:	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Utilities, buidling and grounds	339,576	-	27,764	27,764	311,812
Contract services	45,000	-	380	380	44,620
Total expenditures	384,576	-	28,144	28,144	356,432
Revenues over (under) expenditures	(384,576)	-	(28,144)	(28,144)	356,432
Other Financing Sources (Uses):					
Transfers from other funds:					
General Fund	300,000	-	-	-	(300,000)
Water and Sewer Fund	84,576	-	74,206	74,206	(10,370)
Total other financing sources (uses)	384,576	-	74,206	74,206	(310,370)
Revenues and other sources over (under) expenditures	$ -	$ -	46,062	$ 46,062	$ 46,062
Fund balance, beginning			-		
Fund balance, ending			$ 46,062		

TOWN OF BEECH MOUNTAIN

Schedule 12

Water and Sewer Capital Project - Sewer System Rehabilitation Project
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Year Ended June 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Utilities, buidling and grounds	2,093,400	-	110,933	110,933	1,982,467
Contingency	146,600	-	-	-	146,600
Total expenditures	2,240,000	-	110,933	110,933	2,129,067
Revenues over (under) expenditures	(2,240,000)	-	(110,933)	(110,933)	2,129,067
Other Financing Sources (Uses):					
State revolving loan proceeds	2,200,000	-	142,716	142,716	(2,057,284)
Transfers from other funds:					
Water and Sewer Fund	40,000	-	-	-	(40,000)
Total other financing sources (uses)	2,240,000	-	142,716	142,716	(2,097,284)
Revenues and other sources over (under) expenditures	$ -	$ -	31,783	$ 31,783	$ 31,783
Fund balance, beginning			-		
Fund balance, ending			$ 31,783		

TOWN OF BEECH MOUNTAIN

Schedule 13

Water and Sewer Capital Project - Water System Rehabilitation Project
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Year Ended June 30, 2020

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Positive (Negative)
Revenues:	$ -	$ -	$ -	$ -	$ -
Expenditures:					
Utilities, buidling and grounds	1,734,447	-	220,816	220,816	1,513,631
Contingency	74,982	-	-	-	74,982
Total expenditures	1,809,429	-	220,816	220,816	1,588,613
Revenues over (under) expenditures	(1,809,429)	-	(220,816)	(220,816)	1,588,613
Other Financing Sources (Uses):					
State revolving loan proceeds	1,774,629	-	284,143	284,143	(1,490,486)
Transfers from other funds:					
Water and Sewer Fund	34,800	-	-	-	(34,800)
Total other financing sources (uses)	1,809,429	-	284,143	284,143	(1,525,286)
Revenues and other sources over (under) expenditures	$ -	$ -	63,327	$ 63,327	$ 63,327
Fund balance, beginning			-		
Fund balance, ending			$ 63,327		

TOWN OF BEECH MOUNTAIN

Schedule 14

Water and Sewer Fund Capital Project - Public Works Facility
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total to Date	Variance Positive (Negative)
Revenues:					
Investment earnings	$ -	$ -	$ 29	$ 29	$ 29
Expenditures:					
Utilities, building and grounds	1,069,344	-	230,265	230,265	839,078
Supplies	74,396	-	1,529	1,529	72,867
Contract services	52,261	-	34,028	34,028	18,233
Total expenditures	1,196,000	-	265,823	265,823	930,178
Revenues over (under) expenditures	(1,196,000)	-	(265,794)	(265,794)	930,206
Other Financing Sources (Uses):					
Installment purchase issued	1,196,000	-	1,196,000	1,196,000	-
Revenues and other sources over (under) expenditures	$ -	$ -	930,206	$ 930,206	$ 930,206
Fund balance, beginning			-		
Fund balance, ending			$ 930,206		

TOWN OF BEECH MOUNTAIN

Schedule 15

Sanitation Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2020

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Charges for services	$ 437,909	$ 477,580	$ 39,671
Solid waste disposal tax	150	192	42
Recycling revenues	40,000	44,399	4,399
Total operating revenues	478,059	522,171	44,112
Nonoperating revenues			
Interest earnings	6,200	2,882	(3,318)
Total revenues	484,259	525,053	40,794
Expenditures:			
Sanitation:			
Salary and employee benefits	320,933	314,384	6,549
Other expenditures	118,500	131,384	(12,884)
	439,433	445,768	(6,335)
Debt service:			
Principal retirement	22,942	-	22,942
Interest and other charges	13,884	-	13,884
	36,826	-	36,826
Capital outlay:			
Sanitation	8,000	-	8,000
Total expenditures	484,259	445,768	38,491
Revenues over (under) expenditures	-	79,285	79,285
Other Financing Sources (Uses):			
Sale of capital assets	-	1,860	1,860
Change in net position	$ -	81,145	$ 81,145
Reconciliation from budgetary basis (modified (accrual) to full accrual:			
Reconciling items:			
Depreciation expense		(46,933)	
(Increase) decrease in accrued vacation		(458)	
Investment earnings from sanitation capital project fund		15	
Change in net postition		$ 33,769	

TOWN OF BEECH MOUNTAIN

Schedule 16

Sanitation Fund Capital Project - Public Works Facility
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget and Actual
From Inception and For the Year Ended June 30, 2020

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
Revenues:					
Investment earnings	$ -	$ -	$ 15	$ 15	$ 15
Expenditures:					
Utilities, building and grounds	557,918	-	120,138	120,138	437,780
Supplies	38,815	-	798	798	38,017
Contract services	27,266	-	17,754	17,754	9,513
Total expenditures	624,000	-	138,690	138,690	485,310
Revenues over (under) expenditures	(624,000)	-	(138,675)	(138,675)	485,325
Other Financing Sources (Uses):					
Installment purchase issued	624,000	-	624,000	624,000	-
Revenues and other sources over (under) expenditures	$ -	$ -	485,325	$ 485,325	$ 485,325
Fund balance, beginning			-		
Fund balance, ending			$ 485,325		

TOWN OF BEECH MOUNTAIN

Schedule 17

Schedule of Ad Valorem Taxes Receivable
June 30, 2020

Fiscal year:	Uncollected Balance June 30, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	$ -	$ 4,054,287	$ 4,005,470	$ 48,817
2018-2019	119,365	-	61,695	57,670
2017-2018	56,036	-	22,865	33,171
2016-2017	27,345	-	12,565	14,780
2015-2016	25,495	-	9,293	16,202
2014-2015	14,208	-	1,515	12,693
2013-2014	8,756	-	843	7,913
2012-2013	5,187	-	2,119	3,068
2011-2012	4,257	-	138	4,119
2010-2011	2,386	452	-	2,838
2009-2010	1,654	-	1,654	-
	$ 264,689	$ 4,054,739	$ 4,118,157	201,271
Less allowance for uncollectible accounts				(20,200)
Ad valorem taxes receivable - net				$ 181,071

Reconcilement to Revenues:

Ad valorem taxes - General Fund	$ 4,158,429
Reconciling items:	
Interest and penalties collected	(41,926)
Taxes written off	1,654
Total collections and credits	$ 4,118,157

TOWN OF BEECH MOUNTAIN

Schedule 18

Analysis of Current Tax Levy
Town -Wide Levy
June 30, 2020

	Town-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxes at current year's rate	$ 538,771,671	0.0732	$ 3,943,809	$ 3,865,134	$ 78,675
Discoveries - current and prior year	15,092,673	0.0732	110,478	110,478	
Penalties	-	0.0732	-	-	-
Total	553,864,344		4,054,287	3,975,612	78,675
Discoveries:					
Current year taxes	-	0.0732	-	-	-
Penalties	-	0.0732	-	-	-
Abatements	-	0.0732	-	-	-
Total property valuation	$ 553,864,344				
Net levy			4,054,287	3,975,612	78,675
Uncollected taxes at June 30, 2020			(48,817)	(48,817)	-
Current year's taxes collected			$ 4,005,470	$ 3,926,795	$ 78,675
Current levy collection percentage			98.80%	98.77%	100.00%

COMPLIANCE SECTION

C. Randolph CPA, PLLC

Certified Public Accountant
219A Beaver Creek School Rd.
West Jefferson, North Carolina 28694
Phone: (336) 846-3211
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Report on Internal Control Over Financial Reporting and On Compliance and Other Matters Based On An Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

To the Honorable Mayor and Board of Commissioners
Town of Beech 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 financial 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, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Beech Mountain, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Beech Mountain, North Carolina's basic financial statements and have issued our report thereon dated December 3, 2020.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Beech Mountain, North Carolina'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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Beech Mountain, North Carolina's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town of Beech Mountain, North Carolina'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 or significant deficiencies. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Beech Mountain, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

C. Randolph CPA, PLLC

West Jefferson, North Carolina
December 3, 2020

I. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___yes __x_no
• Significant deficiency(ies) identified	___yes __x__none reported
Noncompliance material to financial statements noted?	___yes __x_no

II. Financial Statement Findings

None noted.

Town Council:
Barry Kaufman, Mayor
Jimmie Accardi
Weidner Abernathy
Kelly Melang
Erin Gonyea

Town Manager:
Robert Pudney

Town of Hudson
403 Beech Mountain Parkway
Beech Mountain, NC 28604
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Corrective Action Plan
For the Year Ended June 30, 2020

II. Financial Statement Findings

None noted.