

FISCAL YEAR 2025

ANNUAL COMPREHENSIVE FINANCIAL REPORT

July 1, 2024 – June 30, 2025

Town of Black Mountain
North Carolina



ANNUAL COMPERHENSIVE FINANCIAL REPORT

TOWN OF BLACK MOUNTAIN, NC

FOR THE YEAR ENDING JUNE 30, 2025

PREPARED BY:

THE TOWN OF BLACK MOUNTAIN FINANCE DEPARTMENT

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	Exhibit	Page
Introductory Section		
Letter of Transmittal		i-xvi
Town Council Members and Officials		xvii
Organizational Chart		xviii
GFOA Certificate of Achievement		xix
Independent Auditor's Report		1-3
Management's Discussion and Analysis		4-16
Basic Financial Statements:		
Government-Wide Financial Statements:		
Statement of Net Position	1	17
Statement of Activities	2	
Fund Financial Statements:		18
Balance Sheet - Governmental Funds	3	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	4	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances -Governmental Funds to the Statement of Activities	5	21
General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	6	22
Fire Department Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	7	23
Statement of Net Position - Proprietary Funds	8	24
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Funds	9	25
Statement of Cash Flows - Proprietary Funds	10	26
Statement of Fiduciary Net Position - Fiduciary Funds	11	27
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	12	28

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	Page
Notes to the Financial Statements	29-64
Required Supplemental Information:	
Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance	65
Schedule of Total Pension Liability as a Percentage of Covered-Employee Payroll - Law Enforcement Officers' Special Separation Allowance	65
Local Government Employees' Retirement System - Town's Proportionate Share of Net Pension Liability (Asset)	66
Local Government Employees' Retirement System - Town of Black Mountain's Contributions	67
Retiree Health Benefit Fund - Town's Proportionate Share of Net Pension Liability (Asset)	68
Retiree Health Benefit Fund - Town of Black Mountain's Contributions	69
Supplemental Financial Data:	
General Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	70-72
Capital Reserve Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	73
Disaster Relief Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	74
Combining Balance Sheet - Non-Major Funds	75
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Non-Major Funds	76
Stormwater Fund - Schedule of Revenues and Expenditures -Budget and Actual	77
Fines and Forfeiture Fund - Schedule of Revenues and Expenditures -Budget and Actual	78
Developmental Services Fund - Schedule of Revenues and Expenditures -Budget and Actual	79
Grant Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	80
General Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	81

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	Page
Supplemental Financial Data (Continued):	
Water Fund - Schedule of Revenues and Expenditures -Budget and Actual (Non-GAAP)	82-93
Water Capital Reserve Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	84
Water Capital Project Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	85
Other Supplemental Data:	
Schedule of Ad Valorem Taxes Receivable	86
Analysis of Current Year Levy	87
Statistical Section:	
Net Position by Component	88
Changes in Net Position	89-90
Fund Balances of Governmental Funds	91
Changes in Fund Balances of Governmental Funds	92
Assessed Value of Taxable Property	93
Governmental Funds Tax Revenue by Source	94
Direct and Overlapping Tax Rates	95
Principal Property Taxpayers	96
Property Tax Levies and Collections	97
Ratios of Outstanding Debt by Type	98
Direct and Overlapping Governmental Activities Debt	99
Legal Debt Margin Information	100
Principal Employers	101
Principal Water Customers	102
Demographic and Economic Statistics	103
Operating Indicators	104
Full Time Governmental Employees by Function/Department	105

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

	Page
Compliance Section:	
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	106-107
Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act	108-110
Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act	111-113
Schedule of Findings	114-115
Schedule of Prior Year Audit Findings	116
Schedule of Expenditures of Federal and State Awards	117

INTRODUCTORY SECTION

TOWN OF BLACK MOUNTAIN

February 27, 2026

The Honorable Mayor,
Members of the Town Council,
and Citizens of the Town of Black Mountain, North Carolina

We are pleased to submit the Annual Comprehensive Financial Report (ACFR) for the Town of Black Mountain, North Carolina, for the fiscal year ending June 30, 2025. The ACFR is provided to give detailed information about the financial position of the Town to the residents, Town Council, staff, and other readers.

State law requires that all general-purpose local governments annually publish a complete set of financial statements. The Town of Black Mountain's MD&A is presented immediately following the report of the independent auditors. To enhance accountability, this report includes notably more information and analysis than just the basic financial statements, and as such is titled the Annual Comprehensive Financial Report (ACFR). To organize this significant volume of information, the ACFR is comprised of four primary sections.

The Introductory Section includes this letter of transmittal, Town Council introductions, an organization chart, and a certificate of achievement for excellence in financial reporting. This section also includes the impacts of the local and national economy. Additionally, Departmental highlights of important accomplishments to demonstrate how Black Mountain citizen resources were invested to provide services and implement projects within the Town that aligned with the Town Council's Strategic Goals and objectives.

The Financial Section includes the report of the independent auditors, Management's Discussion and Analysis (MD&A), the basic financial statements and the accompanying notes to the financial statements. Generally Accepted Accounting Principles requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Financial Section also includes Required Supplementary Information which provides details on components of financial activity including capital project activity, the enterprise funds, and special revenue funds.

The Statistical Section provides meaningful ten-year trend information on Black Mountain's financial performance, revenue capacity, debt capacity, demographic, and economic indicators as well as operating information.

The Compliance Section reports the activities of and compliance with federal and state grants and awards. Additionally, the independent audit of the Town's financial statements is part of a broader federal and state mandated "Single Audit" designed to meet the special needs of federal and state grantor agencies. The Single Audit Act of 1984 established requirements for state and local governments that receive federal assistance. The audit requirements have also been adopted by the State of North Carolina for state grants. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the Single Audit section at the end of this report.

This ACFR consists of management's representations concerning the finances of the Town of Black Mountain. Consequently, management assumes full responsibility for the accuracy, completeness, and reliability of all the information presented in this report, including disclosures. To the best of our knowledge and belief, this financial report is complete and reliable in all material respects. We believe the data is presented in a manner designed to set forth fairly the financial position and results of operations for the Town for the fiscal year ending June 30, 2025. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed to protect the Town's assets from loss, theft, or misuse and to compile reliable information for the preparation of the Town's financial statements. Because the cost of internal controls should not outweigh the benefits, the Town's internal controls have been designed to provide reasonable, rather than absolute assurance that the financial statements will be free from material misstatement.

State law requires that all general-purpose local governments annually publish a complete set of financial statements. The Town of Black Mountain's financial statements were prepared by the Finance Department in compliance with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted governmental auditing standards by Gould Killian CPA Group, P.A, a firm of licensed certified public accountants, as required by North Carolina General Statute 159-34. The goal of the independent audit is to provide reasonable assurance that the financial statements of the Town, for the fiscal year ending June 30, 2025, are free of material misstatement. The independent audit involved examining on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Black Mountain's financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The report of the independent auditor is presented in the first component of the financial section of this report.

The Annual Comprehensive Financial Report (ACFR) has been prepared in accordance with Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – Management's Discussion and Analysis – For State and Local Governments*. The Town's basic financial statements have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to government units. The Town has implemented all applicable GASB pronouncements as required and as applicable in previous years. Additionally, the financial statements have been prepared in compliance with applicable requirements of the General Statutes of North Carolina and are consistent with the standards and guidelines recognized for governmental accounting and financial reporting contained in both *Audits of State and Local Governmental Units*, an audit guide prepared by the Committee of Governmental Accounting of the American Institute of Certified Public Accountants (AICPA), and *Government Auditing Standards*, issued by the Comptroller General of the United States. Among the other resources used in the preparation of the ACFR, the Finance Department Staff has given particular attention to Governmental Accounting, Auditing, and Financial Reporting (GAAFR) issued by the Government Finance Officers Association of the United States and Canada (GFOA), and Governmental Accounting Standards Board (GASB) pronouncements.

Profile of the Government

The Town of Black Mountain, incorporated in 1893, and is located 15 miles east of Asheville on the eastern edge of Buncombe County within Western North Carolina. The Town was named for the Black Mountain range, part of the Blue Ridge province of the Southern Appalachians and presently covers 6.5 miles. The U.S. Department of Commerce, Bureau of the Census estimates that the June 30, 2025, population of the Town was 8,769.

The Town has operated under the council/manager form of government since 1986. Policy-making and legislative authority are vested in the Town Council, consisting of the mayor and five council members. The Mayor and Town Council serve four-year staggered terms, with all elections being non-partisan. The Town Council is responsible for, among other things, passing ordinances, adopting the budget, appointing committees, and hiring the Town Manager and Town Attorney. The Town Manager is responsible for carrying out the policies and ordinances of the Town Council, for overseeing the daily operations of the government, and for appointing heads of the Town's departments.

The Town provides numerous services for its citizens including cultural and recreational activities, general administration, planning, zoning, economic development, building inspections, police, fire, sanitation, public works, stormwater, and construction and maintenance of highways, streets, and other infrastructures. The Town also provides and maintains water utilities for the benefit of its citizens and businesses. This report includes the fiscal activities of the Town in the provision of these services. The Town takes pride in the services offered to our citizens, and the mission of the Town staff is to provide reliable, responsive, quality service to our customers at the lowest reasonable cost.

The Town is empowered to levy a property tax on real and certain personal properties located within its boundaries. Subject to various stipulations set by the North Carolina General Assembly, it is also empowered to extend its corporate

limits by annexation, which occurs periodically when deemed appropriate by the governing council. In government, much more than business, the budget is an integral part of a unit's accounting system and daily operations. North Carolina General Statutes require that all governmental units in the State adopt a balanced budget by July 1 of each year. An annual or project budget ordinance, as adopted and amended by the governing body, creates the legal limit on spending authorizations. The annual budget serves as the foundation for the Town's financial planning and control. The Town of Black Mountain annual budgets are adopted for the General, Special Revenue, Capital Reserve, and Enterprise Funds. The appropriated budget is prepared by fund, and department (e.g., police, public works). Department heads may approve budget transfers within a department, while transfers within the same fund between different departments require approval from the Town Manager or Finance Officer. Transfers of appropriations between funds require approval of the Town Council. Project and grant ordinances (multi-year budgets) are adopted for all Special Revenue funds excluding the Capital Reserve Fund, and all Capital Project Funds. The Capital Reserve Fund is a legally budgeted fund under North Carolina General Statutes; however, for statement presentation in accordance with GASB Statement No. 54 it is consolidated in the General Fund.

In accordance with state law, the Town's budget is prepared on the modified accrual basis, and its accounting records are also maintained on that basis. Under modified accrual accounting, revenues are recorded when they are both measurable and available. Expenditures are recorded when fund liability is incurred, except for unmatured principal and interest on long- term debt and certain compensated absences. Governmental Fund types, such as the Town's General Fund, Special Revenue Funds and Capital Project Funds are reported on the modified accrual basis in the fund financial statements. The Town's Proprietary Funds are reported on a full accrual basis in the fund financial statements, under which revenues are recorded when earned and expenses are recorded when incurred.

Economy Condition and Outlook

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Black Mountain operates. Measures of employment and economic activity showed that the national economy has remained more resilient than most had anticipated. After dealing with the effects of the COVID-19 pandemic, rising inflation, and the Federal Reserve's interest rate hikes, the economy is adjusting and growing at a steadier pace. The economy in fiscal year 2025 experienced moderate growth, with GDP expanding at a steady pace and employment levels remaining strong. Inflation has significantly reduced from its peak, though it remains above the Federal Reserve's target.

Overall, the U.S. economy is poised to navigate a complex mix of challenges but remains relatively well-positioned for steady, if moderate, growth. Overall, the U.S. economy is in a stable but cautious state as we move into 2026, with moderate growth and ongoing challenges related to inflation and high interest rates.

As of fiscal year 2025, the Town of Black Mountain is experiencing a mix of steady economic activity, population growth,

and employment trends that reflect both regional and local dynamics. Black Mountain has seen some shifts in its economic structure and workforce in recent years. The town's economy is influenced by tourism, retail, small manufacturing, and a growing interest in remote work as people move to the area for its quality of life and natural surroundings.

Tourism remains one of the primary drivers of Black Mountain's economy. With more people seeking rural and nature-focused travel, the tourism sector is projected to remain strong. Seasonal events and local festivals continue to contribute to the local economy by attracting visitors and supporting small businesses.

Black Mountain's main street is home to a variety of local businesses, including retail shops, art galleries, cafes, restaurants, and craft stores. The town's downtown has become a hub for arts and crafts, with local artisans contributing to the area's cultural and economic vibrancy.

The growth of the senior population in the area—driven in part by retirees moving to the mountains—has increased demand for healthcare services, including both medical care and home health services. As such, employment in these fields is growing, though it remains a smaller sector compared to tourism.

The town's real estate market continues to experience rising property values, partly due to the area's desirability for those seeking a more rural or mountain lifestyle. The housing shortage in western North Carolina, coupled with the growth of remote work, is driving construction projects, which increases local employment in related trades.

As of 2025, Black Mountain's unemployment rate is relatively low, in line with the broader trends seen across the Asheville metropolitan area. The town benefits from the broader economic health of Buncombe County and the surrounding region, with the unemployment rate hovering between 3.5–4.2%, similar to the state average.

Labor force participation has seen an uptick due to the increasing number of people moving to the region for remote work opportunities. The town's relatively small size means that the employment base is still heavily influenced by sectors like tourism, retail, and healthcare, but it also reflects broader regional economic growth.

Wages in Black Mountain are generally lower than in larger cities like Asheville, but they remain competitive for the type of employment typically available in the town. Wage growth is anticipated to continue in sectors like healthcare, construction, and real estate development as demand increases.

Like much of western North Carolina, Black Mountain faces challenges related to the availability and affordability of housing. As more people move into the area, housing demand has increased, driving up prices. This could pose a challenge for local workers who may struggle to afford housing in the town.

The town's infrastructure, while adequate for current needs, may face pressure as population growth accelerates. Improving public transportation options and road infrastructure could become critical to supporting further economic development.

Looking ahead, Black Mountain is expected to continue its growth trajectory in 2026 and beyond, largely driven by its appeal as a scenic and affordable destination for residents and tourists. Black Mountain's employment and economic activity in fiscal year 2025 reflect the broader regional economic trends while also showcasing local strengths in tourism, retail, real estate, and healthcare. The town is poised for steady growth, though challenges related to housing affordability and workforce development may need attention in the years ahead.

At the close of fiscal year 2025, North Carolina's job market exhibited resilience and growth, despite minor fluctuations in unemployment rates. Locally, Buncombe County's unemployment rate was 4.5% as of June 2025, which was 1.3% more than June of 2024, reflecting the ongoing impacts from the aftermath of Hurricane Helene in the region. Buncombe County ranked 79th out of 100 counties in North Carolina, and above the statewide rate of 3.7%. During the year both North Carolina and the nation experienced slight increases in unemployment rates, with North Carolina's rate remaining below the national average of 4.1%.

The state reported 281,000 job openings in June 2025, a slight decrease from 285,000 in May. The job opening rate was 5.2%, marginally lower than the previous month's 5.3%. Employment in North Carolina increased by 5000 jobs in June 2025.

Due to the increased demands on the labor market of high-skilled workers, a growth of new jobs, inflation-driven wage adjustments, higher demand for labor and competitive salaries to retain workers, wage and salary income increased within the State by 4.2 percent from the previous fiscal year. Growth of wage and salary income rates are usually seen within times of high inflation.

In summary, as of June 30, 2025, North Carolina's job market demonstrated strength, characterized by low unemployment rates, substantial growth in wage and salary income, and a significant increase in labor force participation.

The Town of Black Mountain is part of the Asheville Metropolitan Statistical Area "MSA". Economic activity and population within the region continue to grow, as evidenced by the results from the 2020 census. Black Mountain showed a growth amount of almost 7.5% in residents when comparing the 2010 and 2020 census. Within the last year the Town has shown an estimated growth in population of approximately 2.3%.

The Town of Black Mountain median household income has continued steady at $70,041 in 2025 which is the same as 2023. This is in part due to the diversity of the local economy with professional services, trade and distribution, health care,

and service-oriented businesses. Ingles Markets, a Fortune 1000 company with over 200 stores throughout the Southeast, is based in Black Mountain. Other major employers include the Buncombe County Schools, Kearfott Corporation, State of NC, and Givens Highland Farm.

The median property value within the Town of Black Mountain has also continued to grow. The demand for homes within the Town far exceeds the properties that are available within the real estate market. The median property value in June of 2024 was $472,000 and the value in June of 2025 was $485,109, that is a growth of 2.7% over the past year.

Sales and use taxes make up the largest amount of tax revenue that the state distributes to local governments in North Carolina and account for approximately a quarter of municipality's revenues, excluding utilities. Local Sales tax is a revenue source highly dependent upon consumer spending and consumer confidence. Sales tax has steadily increased annually, and for three years revenues have exceeded projections and expectations. The current sales tax environment seems to resemble the years prior to the pandemic than it does to recent years. North Carolina continues to add population, and while inflation rates have declined in recent months, they have not fallen quite as fast or as far as some had predicted. Both factors should positively contribute to sales tax collections even if consumer expenditure continues to slow. Black Mountains sales tax distribution is calculated based on the proportion of the ad valorem tax levies within Buncombe County. With the distribution being tied to ad valorem values the sales tax distribution increases with the increase in the values of homes and we continue to see growth with residential and commercial structures.

Ad Valorem Tax Value increased by 3.8% and Ad Valorem Property Tax Collections remained around the same collection percentage as prior years, 99.59%. Overall, the Town's sales tax distributions increased by 3.1% from the previous fiscal year. The Town remains financially sound with property tax and sales tax revenue growth over the past year.

The Town's favorable economic environment and local indicators point toward continued stability. The stable outlook reflects the continued economic development within the Town and maintenance of the Town's good financial position. The outlook also reflects the expectation that the Town will effectively manage its debt burden and capital needs. This stability in the economy is due to the benefits derived from a low unemployment rate and the ongoing progress of commercial and residential developments. The Town continues to attract businesses and people to the area. This is in large part to the varied business environment, proximity to two colleges, large faith-based conference centers, and picturesque downtown. The Town's continued commitment to conservative financial policies and practices has served Black Mountain well and puts it in the best position to lead the region to economic strength and security.

Major Initiatives and Projects

The Town of Black Mountain Council and staff have identified and addressed key issues that are of importance to the future of the Town. Staff continue to monitor economic conditions and growth potential to adjust strategic capital projects to match growth projections. The Town invests resources to provide services and manage programs and projects that are important to the growth, development, and future of the Town.

To provide a more complete picture of the accomplishments achieved with the financial investments summarized in the ACFR, this annual report includes financial management practices, key projects and services that reflect the Town's current priorities and policies. These accomplishments reflect the dedication and leadership of staff throughout the organization and executive leadership of the Town Manager and Town Council. Key departmental accomplishments provide examples of how citizen and customer financial resources were invested to serve the community.

The Town has seen steady growth and expansion in the past year, especially in terms of residential, commercial, and redevelopment projects. Nestled in the scenic Blue Ridge Mountains, it has attracted both retirees and newcomers seeking a small-town feel combined with proximity to Asheville (about 15 miles away). Black Mountain's growth is centered on maintaining a balance between preservation of its natural beauty, historic charm, and the need for development to support a growing population. The town's residential, commercial, and redevelopment efforts are evolving in a way that enhances the community while being mindful of the small-town character that makes it so attractive. The Town remains committed to researching financial resources and to exploring and enacting new policy solutions that support the Town's goals of enhancing the development and preservation of the "Small Town" community while investing in activities that promote continued economic growth and prosperity, advancing sustainability initiatives, and upgrading the city's expansive park networks and cultural amenities, among many other activities.

Residential, Commercial, and Redevelopment Projects.

With an expanding population and an influx of tourists, Black Mountain has seen a boost in development projects. Residential and commercial development throughout the Town has been extremely strong. Redevelopment of vacant or older buildings to accommodate both the residential and commercial growth is seen throughout the Town. The town issued 1,044 building permits during the year, 57 of which were for new residential construction with an estimated appraisal value of $26.3 million. Commercial construction activity included 108 permits with an estimated appraisal value of over $10.2 million.

Commercial Projects during Fiscal Year 2025 include:

- North Carolina Glass Center – Center opened in March of 2025. The center offers demonstrations and classes, as well as shopping and programs for veterans and under-resourced youth.
- The RailYard – Operated as a supply relief hub after Tropical Storm Helene but has since closed and is currently vacant.
- Peri Social House – Smallest Boutique Hotel within NC. Located at 406 West State Street, it opened in August 2024. Peri Social House is part coffee shop, part craft beer shop and part boutique hotel. Peri Social also houses Abbiocco Pizzeria.
- Pisgah Brewing's new taproom opened in February 2025.
- A redevelopment project for the corner of East State and Midland is in development. For now, The Laundry has opened in what was formerly the dry cleaner.
- Former boat store to become Wild Black Distillery at 3000 US 70 Hwy. Permit has been issued and work has begun.

- The building, formerly known as The Icehouse, has been purchased for expansion of The Grange to include a restaurant and rooftop dining space. Hell or High Water opened in December 2024.
- White Horse Remodel – Phase I plans have been submitted, the permit has been issued, and work is progressing. Phase II plans have been approved, and the permit has been issued.
- Circle K at 200 NC 9 Hwy (former SunTrust) is underway with an anticipated opening in Summer 2026.
- A Commercial Remodel permit application has been received from the owners of the Monte Vista Hotel parcel for the conversion of the farmhouse (formerly Red House Studios) to a 10-room hotel. The permit has been issued.
- A commercial remodel permit has been issued for the Monte Vista Hotel Main Inn for interior remodeling.
- A commercial remodel permit has been issued for the basement of the Monte Vista Hotel to become a bar.
- NC Baptist Men on Mission have purchased 1114 Montreat Road and a commercial remodel permit has been issued to convert the building into emergency housing.
- A new Italian restaurant, The Tuscan Table, opened at 203 W State Street in September 2025.
- A commercial remodel permit was issued for 137 Cherry Street for interior remodeling and is expected to become an art gallery.
- A commercial remodel permit was issued for 129 Old US 70 Hwy to turn the space into a potato chip factory and work is in progress.
- A commercial addition permit was issued to 3038 US 70 Hwy to add an addition to Semper Fi Custom Remodeling building. Work is in progress.
- A commercial remodel permit was issued to Givens Highland Farms to provide a wellness, exercise and aerobics area and work is in progress.

Residential development completed or underway include:

- The Settings of Black Mountain, located off Highway 9, sits on 370 acres, and comprised of single-family residences. Construction began in 2006 and is still ongoing. When complete, the development will add 271 single family residences. Forty percent is designated greenspace. This development is currently 15% completed.
- Sweet Birch subdivision sits on nine acres on Blue Ridge Road was approved in 2017. The development is now complete and added 60 residential units (30 duplexes).
- Padgett Place Subdivision sits on almost nine acres off Padgettown Road and is now complete. The development has added forty single family residences.
- Tudor Croft subdivision sits on just under thirty-five acres of land near the Town golf course and construction continues and is beginning Phase 3. When the development is completed, the development will add 250 single family residences.

Capital Infrastructure and Projects

The Town continues to invest in its vital capital infrastructure. These initiatives are part of Black Mountain's ongoing efforts to enhance infrastructure and services for its residents. Capital Infrastructure and Projects that were completed, started or in progress within the year include:

- Swannanoa River Floodbench – Surveying has been completed and the next phase has begun. The Town applied for and received a Stormwater Planning Grant through the State Water Infrastructure Authority (SWIA) and has received notification advising the project is authorized to receive American Rescue Plan Act (ARPA) funding, provided from the State Fiscal Recovery Fund. This grant will allow the Town to construct/rehabilitate a stormwater treatment/collection system associated with designing and constructing floodplain benches and creating floodplain wetlands to mitigate flooding at two sites along a roughly 3300-linear-foot reach of the Swannanoa River. The proposed project will reduce flood risks and address water quality issues downstream. The project sites identified will address both water quality and water quantity issues that impact the Swannanoa River, its tributaries, and any impediments to NPDES compliance.
- Riverwalk Greenway EB5547 A&B – Engineers are still within the design phase -Construct a new multi-use path from the existing Flat Creek Greenway trailhead to the existing Riverside Greenway near Riverside Park and an extension west near NC 9 and existing culvert. Once started this is Scheduled to be a five-year project and 80% grant funded. The project will connect the Flat Creek Greenway with the Oaks Trail at Veterans Park. The Town received state funding from "STIP" for this project. The total project cost is estimated to be $3,644,000. The grant is for 80% of this project cost
- 9th Street Bridge HL0013 – ongoing. Replacement of municipal bridge 522 located on 9th Street in Black Mountain

Recreational Activities and Parks Initiatives and Projects

The Town of Black Mountain is actively enhancing its recreational facilities and programs to serve residents and visitors. These efforts reflect Black Mountain's commitment to fostering a vibrant and active community through continuous improvement of its recreational infrastructure and programs. These following initiatives and projects reflect Black Mountain's commitment to enhancing recreational spaces, promoting community well-being, and supporting local tourism:

- Active Aging trips, exercise classes, art classes, tax assistance, and community involvement.
- Youth and Adult sports consist of indoor and outdoor soccer, disc golf, tennis clinics, pickleball, and swim league.
- Outdoor Programs include Hiking and seasonal outdoor nature series activities.
- Community Garden provides spaces for gardeners to grow food for personal and donation purposes, donated grown food is distributed to the community through a partnership with Bounty and Soul. This group of mostly volunteers also provides on-site education and training to the community on sustainable development.
- Facilities including Lakeview, Lake Tomahawk, Veteran's Park and the Ballfields, Grey Eagle, and the Community Pool are available for citizens to enjoy and the opportunity to rent for group functions, such as picnics, meetings, and other social occasions.
- Special events such as the Valentines 5K, Circle of Lights, Park Rhythms, the Fourth of July Fireworks display, Pumpkin Toss, and a variety of other downtown events and programs, are managed by this department to provide an opportunity for Town citizens to come together as a community to experience Special Events throughout the year.
- The Parks and Rec department receives grant funds each year from the Department of Aging. To promote,

maintain, and improve the health and well-being of older adults by providing nutritionally balanced meals at our lakeview center.

Public Safety Services Initiatives and Projects

FIRE DEPARTMENT

The Town of Black Mountain Fire Department provides a high level of fire protection services to the residents of Black Mountain, including the following core services; fire suppression, emergency medical first responder, technical rescue, operational level hazardous materials response, emergency preparedness, community risk reduction, public fire & life safety education and fire investigations. The department is certified through the North Carolina Association of Rescue & EMS in areas of medium and light rescue, high angle rescue, confined space rescue and water rescue.

The Fire Department is accredited through the Commission on Fire Accreditation International and holds Class 3 ISO Fire Insurance Rating, both of which reflect well on the Town's professional fire operations. This rating allows the Town businesses and homeowners to enjoy low fire insurance premiums and is noteworthy not only for the Town and Fire Department, but for residents, property owners and visitors to Black Mountain.

Police Department

The Town of Black Mountain Police Department is committed to providing the highest quality of police service to our citizens and visitors. Dedicated to improving the quality of life within the Town, we partnership with our community to provide a high degree of effective and efficient public safety while maintaining respect for cultural diversity and individual rights and dignity. We adhere to guiding principles of integrity, fairness, respect, and professionalism.

The police department achieved several accomplishments during the year:

- The Black Mountain Police Department became the first agency in North Carolina to achieve formal state accreditation, reflecting adherence to best practices and reform standards established following national policing reforms. This achievement resulted in a 5% insurance reduction for the Town.

- The Town of Black Mountain faced unprecedented damage from Hurricane Helene. The department's leadership, coordination, and response efforts during and after the storm represented one of the most challenging periods in the Town's history and across Western North Carolina.

- Chief Steve Parker received the Governor's Dogwood Award for outstanding leadership and dedication during Hurricane Helene's impact and recovery efforts.

- Chief Parker was nominated to the North Carolina Association of Chiefs of Police Board—an honor extended without formal candidacy, recognizing his leadership and contributions to law enforcement in the state.

- Black Mountain was recognized as one of the Top 20 Safest Cities in North Carolina and the Safest City in Western North Carolina, as published by a national public safety report.

- The department was recognized by the North Carolina League of Municipalities for successfully completing the Risk Review Program, joining an elite group of only five agencies statewide to hold both state accreditation and risk review certification. This combined recognition provides the Town with a total 20% insurance reduction.

- Secured funding through public–private partnerships to launch the Black Mountain Police Department mobile app, enhancing community communication, and to expand Flock Camera systems for proactive crime reduction.

- Developed and released the first-ever department-created children's safety book, featuring illustrated characters modeled after actual Black Mountain Police staff to promote safety education in a relatable, engaging way.

Developmental Services and Stormwater Initiatives and Projects

The Town's Developmental Services Department consists of Building Inspections, Code Enforcement, Community Development, Permitting and Planning. The Developmental Services Department also works closely with the Stormwater Department overseeing stormwater infrastructure and administration. The Planning and Stormwater Departments have demonstrated remarkable productivity, overseen an expansive range of responsibilities and completed significant projects across development, code enforcement, stormwater infrastructure, and program administration. Planning and Stormwater Departments have demonstrated resilience and adaptability, addressed an increasing workload while implemented innovative solutions to meet the community's infrastructure and environmental needs. Their achievements contribute to Black Mountain's sustainable growth and development, fostering a safer, healthier community for residents and businesses alike.

Planning Department

- Building Permits and Inspections: Despite an increase in permit applications, the department managed to maintain a steady processing time of approximately two weeks. The team embraced virtual inspections to streamline processes, accommodating projects ranging from residential and commercial remodels to new constructions. This year alone, thousands of inspections were completed, exemplifying the department's responsiveness to the community's growing development needs. Development Projects: The Planning Department facilitated several complex development projects, including the North Carolina Glass Center, Tudor Croft, and Padgett Place. Each required multi-phase permitting, technical reviews, and frequent collaboration with developers and town legal counsel to address compliance and zoning requirements.
- Code Enforcement: A proactive code enforcement initiative, supported by contracted staff, allowed for extensive inspections across commercial and residential properties. Common issues such as debris, unsecured dumpsters, and structural safety were addressed through both educational and enforcement strategies. Additionally, efforts to modernize ordinance language are underway, aimed at clarifying enforcement procedure.

- Economic Development Initiatives: The department collaborated with NC Commerce through the CORE program to support the town's economic development. This included organizing workshops, developing marketing materials, and hosting regional meetings to promote Black Mountain's business and tourism potential.

Stormwater Department

- Stormwater Infrastructure Improvements: The department secured grants for critical stormwater projects, including the Fairway Drive/Tomahawk Avenue diversion and stormwater storage at the golf course. In collaboration with Public Works, various drainage improvements were completed, with additional projects slated for the next fiscal year.
- Floodplain and Stormwater Program Administration: The department conducted numerous floodplain reviews, IDDE site visits, and environmental plan assessments, ensuring that new developments incorporate sustainable practices and meet regulatory standards. A recent ordinance amendment allows property owners to utilize certified inspectors for SCM maintenance, facilitating compliance and enhancing water quality management.
- Community Outreach and Cleanups: Through partnerships with non-profits and Recreation & Parks, multiple cleanup events targeted high-traffic areas, removing debris and addressing pollution concerns in local water bodies. Additionally, the department actively engaged with local and state entities, such as NCDEQ, to develop public education on stormwater control and sustainable practices. The Town has recently undertaken multi-year projects that are intended to improve the Town for future generations.

Streets Initiatives and Projects

The Town continues to seek funding for roadway improvements. Staff of the Public Works and Planning Department continue to work with the NCDOT to improve the roadway network within Black Mountain.

Through the State Transportation Improvements Program ("STIP") and Surface Transportation Block Grant (STBG) program, the town received funding for the 9th Street Bridge Project. This project has a current estimated cost of $1,115,000, the town's portion of this project would be a minimum of 20%.

The Town currently maintains just over 43-1/2 miles of roadway that is currently Powell Bill eligible. The Public Works department works off a maintenance plan to resurface all priority streets on a 12 to 15-year cycle, which correlates with the industry standard and local residential streets on longer cycle length. Funding for resurfacing has improved recently with the board increasing the budgeted amount needed for street maintenance, while funding from the state Powell bill program has stayed the same for several years; however, funding is still insufficient to maintain the town streets on an acceptable resurfacing cycle.

Water Initiatives and Projects

The Town continues to focus on system sustainability and asset management programs, while ensuring adequate water and wastewater capacity to meet economic development demands. The Town is experiencing significant residential and commercial economic development, which is having a positive effect on revenue. The renewal and replacement of aging water pipeline infrastructure is a priority. Preventative maintenance programs for all equipment continue to be refined for

continued reliable performance. The Town performs ongoing evaluation and monitoring of our existing interlocal agreements for wastewater and water supply capacity.

The Town of Black Mountain provides quality water services to approximately 4,000 customers while protecting natural resources and ensuring capacity for sustainable growth. Current initiatives are focusing on system sustainability and asset management programs, while ensuring adequate water capacity to meet economic development demands.

Several major construction projects were started, continued, or completed during the fiscal year ended June 30, 2025, including the following:

- The renewal and replacement of aging water pipeline infrastructure is a priority, and the Town continues to invest in work toward this ongoing process.
- The Advanced Metering Infrastructure (AMI) project is 80% complete. This project is replacing current manual read meters with “smart water meters” that will allow for greater accuracy in water usage, availability to provide invaluable information to customers and employees regarding reads, leak detection, and history of water accounts.
- Multi-Year project transitioning residents that previously on Asheville’s water system to the Town of Black Mountains water system. This project included the transfer of 52,829 ft (44,329 active ft) of waterlines and 493 (409 active) water accounts. North Fork Daniel Drive located near the golf course is still in the process of being transferred and has anticipated completion within 2024. The town is currently waiting for permits from the state to complete the project.
- The Town is set begin Installation of Water line from US Hwy 70 to Blue Ridge Rd Intersection in FY26.

Long-Term Financial Planning

The Town seeks to maintain a strong financial position. This objective requires regular long-term planning of operating and capital requirements for its major general government and enterprise programs. In doing so, the Town relies on key financial policies and procedures for dealing with future events in a financially responsible way.

The Town of Black Mountain is preparing a five-year Capital Improvement Plan (CIP) to function as a planning tool for capital improvements and major capital purchases. The CIP represents a multi-year forecast of the capital needs but only the current year schedule is adopted annually by the Town Council and becomes part of the operating budget. The CIP not only identifies capital projects, but also the financing required for the projects and their impact on the operating budget. Capital projects differ from annual operating expenses in that they involve large dollar amounts, often require special financing, occur at irregular intervals, and involve development of assets expected to last several years. Because priorities can change, projects included in future planning years, are not guaranteed for funding. Black Mountain’s long-range forecasting and planning provides a framework to strategically develop subsequent annual operating and capital budgets to achieve a long-term financial goal of sustainability, including main goals of flexibility, efficiency, risk management, sufficiency, and credibility.

The economic condition and outlook contained within this letter is compiled from federal, state, and local forecasts. The Town of Black Mountain was experiencing economic growth, with a projected 40.9% job growth over the next decade, surpassing the national average of 33.5%. The town's economy was bolstered by tourism, outdoor recreation, and a vibrant arts scene.

However, Hurricane Helene, which struck in late September 2024, caused unprecedented flooding and destruction in western North Carolina, including Black Mountain. The storm resulted in significant infrastructure damage, loss of life, and economic disruption. In response, concerted efforts at the federal, state, and local levels have been initiated to facilitate recovery and rebuild the community. The town's estimates a revenue shortfall of approximately $650,000, attributed to declines in sales and use taxes, utility fees, parks and recreation rentals, building permits, and similar fees. The damage and loss of the Town's infrastructure, equipment, and facilities were catastrophic, while exact numbers are unknown at this time, the estimated loss is thought to be more than $25 million dollars. In the immediate aftermath, essential services such as water and power were disrupted, and major transportation routes, including Interstate 40, were closed, hindering access to the town. The effects of the storm lead to temporary closure and substantial losses for many local businesses. Ingles Markets, headquartered in Black Mountain, reported inventory and property damage ranging between $35 million and $55 million due to the storm. These challenges led to a sharp decline in tourist visits during the crucial fall season, a period typically marked by high visitor numbers due to the region's renowned autumn foliage.

Despite these setbacks, the community has demonstrated resilience. Local businesses have reopened, and efforts are underway to restore the infrastructure and support local businesses to mitigate the financial impact of the hurricane. Town officials are encouraging visitors to return, to support the town's economic revival, emphasizing that patronage is vital for the community's economic recovery.

While the long-term economic outlook for Black Mountain remains uncertain, these recovery efforts aim to rebuild and strengthen the community's economic foundation. While challenges remain, the combined efforts of government support, community resilience, and the gradual restoration of businesses and tourism infrastructure indicate a positive trajectory for Black Mountain's economic recovery. Continued collaboration and sustained investment will be crucial in rebuilding a stronger and more resilient community, paving the way for a gradual return to normalcy.

Financial Policies

The Town's management has relied upon sound financial policies and procedures to manage the operations of the Town while maintaining core services and providing for Council priorities. The Town relies on key financial policies to ensure needs are met in a fiscally responsible way. The Town also adheres to management practices designed to maintain diverse revenue sources and sound financial results. We regularly evaluate and set fees at levels designed to support the full cost of services. A comprehensive set of financial policies has been adopted to ensure that financial resources are managed in a prudent manner and to provide a foundation for financial sustainability. The town maintains a structurally balanced budget to achieve long-term financial stability for the community.

The Town Council has designated the minimum unassigned General Fund balance to be maintained at 30% of General Fund expenditures. This fund balance policy is to provide continued financial stability to the government. An adequate unreserved fund balance ensures consistent cash flow, generates interest income, eliminates the need for short-term borrowings and provides flexibility for unanticipated opportunities and needs during emergencies.

The fiscal year 2025 budget was developed to lead the Town toward addressing the most foundational and pressing needs of the town. A major consideration of the Town governing board has consistently been to maintain or improve the quality of life for the citizens and businesses while still maintaining the lowest tax rate within the county and a strong financial position. This has been accomplished through staff planning for growth and maintaining a sufficient fund balance to provide cash flow, generate interest income, limited need of short-term borrowings and the ability to adequately fund unanticipated opportunities or emergencies. The budget is led by the Town Council's strategic priorities which are used to guide decision making and align the resources of the Town.

Acknowledgements

The ACFR summarizes millions of dollars of transactions in compliance with ever-evolving complex accounting and reporting standards, ensuring readers that the Town's financials can be compared with other governments and analyzed year to year.

Preparation of this report could not have been accomplished without the professional, efficient, and dedicated efforts of the entire staff of the Finance Department, as well as the work and cooperation of staff throughout the organization who assisted and contributed to its preparation, and our independent auditors, Gould Killian CPA Group, P.A. Each of them has our sincerest thanks.

In closing, appreciation is extended to the Town Manager, Mayor and Town Council for the encouragement, assistance, and stewardship they have provided. It is a distinct pleasure to be associated with individuals who consistently support the highest standards of professionalism in the management of the Town of Black Mountain's finances and operations, respect the principles of financial and budgetary restraint of the Town and whose vision and leadership contribute to the strong financial position of the Town of Black Mountain.

Respectively submitted,



Richard N. Hicks
Interim Town Manager

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

List of Principle Officials

As of June 30, 2025

Town Council

Michael Sobol - Mayor

Archie Pertiller, Jr. – Vice Mayor

Ryan Stone - Council Member

Doug Hay - Council Member

Alice Berry – Council Member

Pam King - Council Member

Principle Officials

Josh Harrold - Town Manager

Wesley Barker - Town Clerk

Craig Justus - Town Attorney

Tammy Holland - Finance Director

Steve Parker - Police Chief

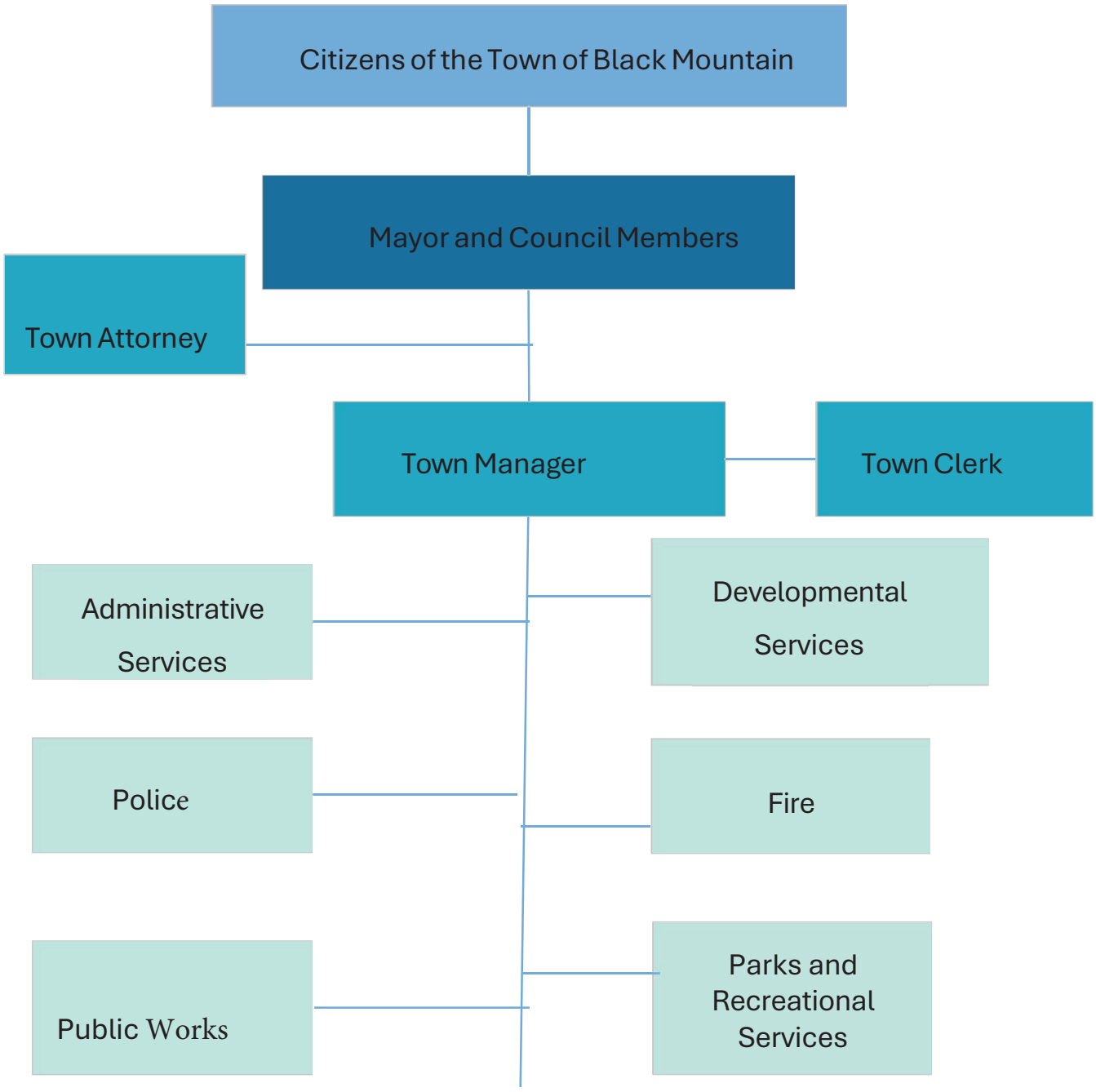
John Coffey - Fire Chief

Jamey Matthews - Public Services Director

Josh Henderson - Parks and Recreation Director

Jessica Trotman – Asst. Town Manager Devel Services Director

Town of Black Mountain Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Black Mountain
North Carolina

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION

GOULD KILLIAN
CPA GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report

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

Opinions

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 the Town of Black Mountain as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, 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 the Town of Black Mountain, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, and the general fund and fire department fund budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Black Mountain and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

An Independent Member of the BDO Alliance

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

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

or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 and other auditors. In our opinion, based on our audit and the report of the other auditors, the individual fund financial statements, budgetary schedules, other schedules, and the schedule of expenditures of federal and state awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026 on our consideration of the Town of Black Mountain's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant 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 the Town of Black Mountain's internal control over financial reporting and compliance.

Harold Killian CPA Group, P.A.

Asheville, North Carolina
February 27, 2026

Management's Discussion and Analysis

As management of the Town of Black Mountain (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2025. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, notes, and letter of transmittal for a more in depth understanding of the Town's financial standing.

Financial Highlights

- The assets and deferred outflows of the Town of Black Mountain exceeded the liabilities and deferred inflows at the close of the most recent fiscal year by $19,076,130 (Primary Government net position). The unrestricted net position, which may be used to meet the government's ongoing obligations to its citizens and creditors, was a deficit of $5,191,599. The deficit is primarily attributed to the significant damage to the Town infrastructure and water system incurred from Hurricane Helene, with a majority amount of funding from Town funds and the issuance of debt, as insurance proceeds covered only limited assets. In addition, the net increase in the deferred outflows and inflows, and the liabilities related to pension and OPEB benefits provided to employees increased the deficit.
- The government's total net position represents a decrease of $2,685,333 over the prior year's net position. This change is due to a decrease of $2,245,324 in governmental activities and of $440,009 within business-type activities. The decreases in governmental and business-type activities are a result of the damages to the Town infrastructure and water system from Hurricane Helene. In addition, Town general operations were negatively impacted for weeks following the Hurricane, with reductions in a variety of revenue sources, while many expenses increased.
- As of the close of the current fiscal year, the Town of Black Mountain's governmental funds reported combined ending fund balances of $8,201,490, a decrease of $1,074,030, in comparison with the prior fiscal year.
- At the end of the current fiscal year, the amount available to use at the Town's discretion, for the general fund was $3,059,897 or 28% of total general fund expenditures for the current fiscal year and 26% of the total general fund budgeted expenditures for the upcoming fiscal year.
- The Town of Black Mountain's total long-term debt increased by $2,947,492, which includes unfunded law enforcement officers' pension, other post-employment benefits (OPEB) and compensated absences liabilities. Pension, OPEB and compensated absences contributed an increase of $2,864,664 to the change in debt. Also factoring in the change in debt was the additional installment loan for vehicles of $194,000, lease liabilities of $381,569 to replace lost equipment in Hurricane Helene, acceptance of the NC DST Cash Flow Loan of $705,703 and a decrease of $1,128,236 in the total outstanding debt balances due to payments and maturing debt within the year. The Town's total long-term debt (aside from pension, OPEB, and compensated absences liabilities) is $3,632,512, an increase of $153,036 from the prior year's balance.
- The Town's infrastructure and water system were significantly impacted when Hurricane Helene hit western North Carolina on September 27, 2024. Capital assets with net book value of approximately $2.8 million were lost. The Town received insurance proceeds of $3,791,598, FEMA expedited funds of $860,666, the NC cash flow loan of $705,703 and private contributions of $68,475. In addition, Town funds of $2,461,000 were committed to recovery efforts in fiscal 2025. As of June 30, 2025, expenses for the recovery efforts totaled $5,334,702 in repairs and replacement of capital assets. Recovery efforts will be ongoing for years to come.

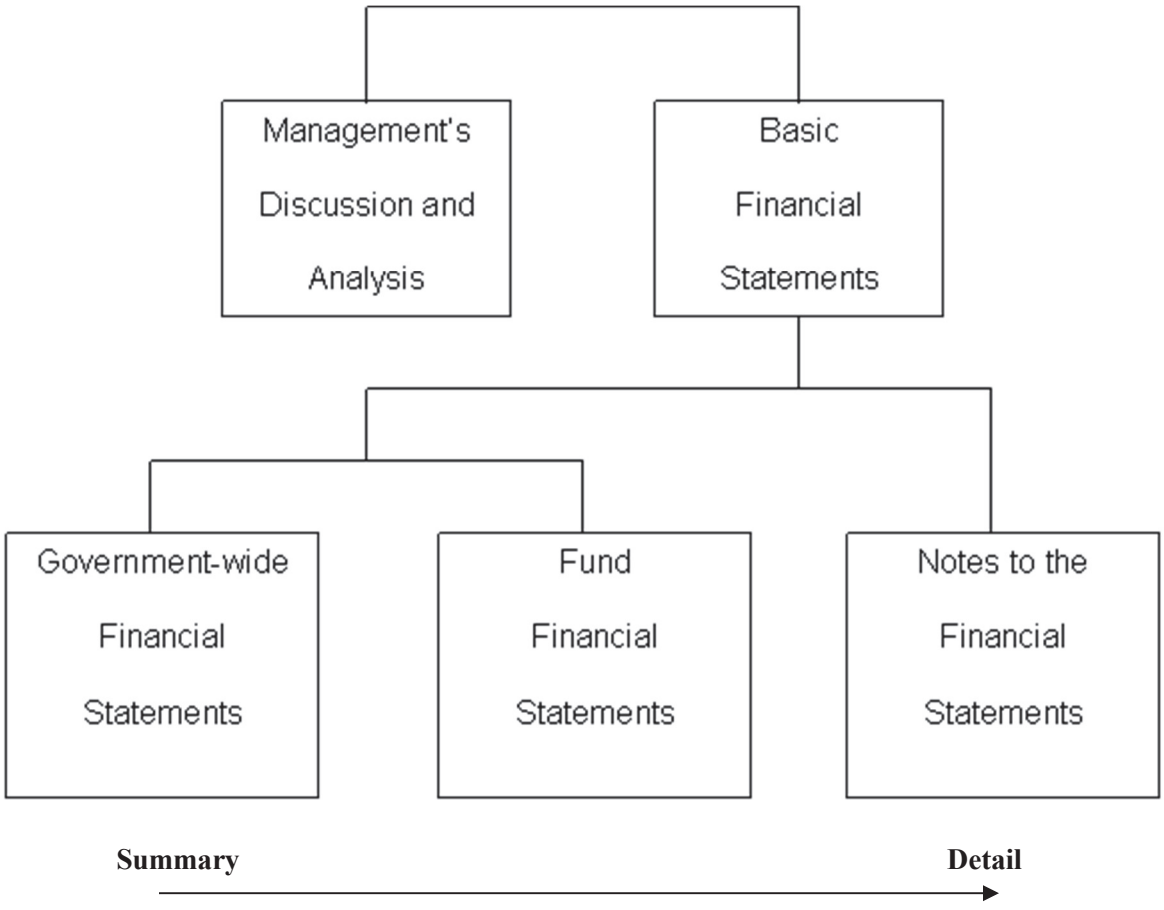
- North Carolina General Statute 159-55 limits the amount of general obligation debt that a unit of government can issue at up to eight (8) percent of the total assessed value of taxable property located within that government's boundaries. The Town's legal debt limit is approximately $142,000,000 (8% of assessed valuation), and the Town's legal debt margin is approximately $139,000,000. The Town's total debt applicable to the debt limit is $3,632,512 which represents .20% of assessed valuation and 3% of the Town's Debt limit.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Black Mountain's basic financial statements which are comprised 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 readers' understanding of the fiscal condition of the Town..

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided. Within this section there is the required supplemental information showing funding information about the Town's pension plans and post-employment healthcare benefits and details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes can also be found in this part of the statements.

Government-wide Financial Statements

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

The *statement of net position* presents financial information on the Town's assets and deferred outflows of resources, and liabilities and deferred inflows of resources, with the difference between the two reported as the net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Town of Black Mountain is improving or deteriorating.

The *statement of activities* presents information on how the Town's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items which result in cash flows in future fiscal periods, such as uncollected taxes and earned but unused vacation leave.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units:

Governmental Activities- include most of the Town's basic services such as general government, public safety, highways and streets, sanitation, parks and recreation. Property taxes, sales taxes, and state and federal grant funds finance most of these activities.

Business-Type Activities- The Town of Black Mountain charges fees to recover all or some of the costs associated with providing certain services. These include the water services.

Component Units- Although legally separate from the Town, the Black Mountain Board of Alcoholic Beverage Control (ABC Board) is important to the Town because the Town exercises control over the ABC Board by appointing its members. The ABC Board is required by North Carolina General Statute 18B to distribute 50 percent of its profits to the Town.

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Black 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 Statutes or the Town's budget ordinance. All of the funds of Town of Black Mountain can be divided into three categories: governmental funds, proprietary funds, and a fiduciary fund.

Governmental Funds – Governmental funds are used to account for those functions reported as *governmental activitie*s in the government-wide financial statements. However, unlike the *government-wide financial statements, governmental fund financial statements* focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. 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. Most of the Town of Black Mountain's basic services are accounted for in governmental funds.

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 determine if there are more or less financial resources available to finance the Town's programs. Because the focus of governmental funds is narrower than that of the *government-wide financial statements*, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the *government-wide financial statements*. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Black Mountain adopts an annual budget for its General Fund, Fire Department Fund, Stormwater Fund, Fines and Forfeiture Funds, Developmental Services Fund, and the Enterprise Funds, as required by the General Statutes. The multi-year capital project fund, grant fund, and disaster relief capital project fund are approved via a balanced project ordinance for the life of the project. 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 comparison statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether 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 *Statement of Revenues, Expenditures, and Changes in Fund Balance*. 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. A more detailed budgetary comparison schedule elsewhere in this report is presented at the legal level of budgetary control.

Proprietary Funds – The Town of Black Mountain has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The Town of Black Mountain uses the enterprise funds to account for its water system operations, which is considered to be a major fund of the Town of Black Mountain. This fund is the same as those functions shown in the business-type activities in the *Statement of Net Position* and the *Statement of Activities*.

Fiduciary Fund – Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of these funds are not available to support the Town's own programs. Furthermore, fiduciary funds are properly used only for resources over which the government maintains some meaningful degree of ongoing responsibility. The accounting used for fiduciary funds is much like that used for proprietary funds. The Town of Black Mountain has one fiduciary fund, which is a custodial fund.

Notes to the Financial Statements – The notes provide additional information that is essential to acquire a full understanding of the data provided in the government-wide and fund financial statements. Note disclosure requirements apply only to material items and should focus on the primary government – specifically its governmental and business-type activities, major funds and nonmajor funds in the aggregate. The Notes to the Financial Statements can be found as listed in the table of contents 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 Black Mountain's progress in funding its obligation to provide pension benefits and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found immediately after the notes to the financial statements.

Interdependence with Other Entities – The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

Government-Wide Financial Analysis
The Town of Black Mountain's Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total		
	2025	Restated 2024	2025	Restated 2024	2025	Restated 2024	Total Percentage Change
Current and other assets	$ 9,495,551	$ 10,346,082	$ 2,374,603	$ 2,353,079	$ 11,870,154	$ 12,699,161	-7%
Capital assets, net	14,109,206	14,390,963	9,355,739	9,704,712	23,464,945	24,095,675	-3%
Total assets	23,604,757	24,737,045	11,730,342	12,057,791	35,335,099	36,794,836	-4%
Deferred outflows of resources	5,868,936	4,769,398	622,837	444,705	6,491,773	5,214,103	25%
Long-term liabilities	16,686,719	13,988,339	1,864,502	1,615,390	18,551,221	15,603,729	19%
Other liabilities	2,151,626	1,970,141	573,380	503,310	2,725,006	2,473,451	10%
Total liabilities	18,838,345	15,958,480	2,437,882	2,118,700	21,276,227	18,077,180	18%
Deferred inflows of resources	1,345,647	2,012,938	128,868	157,358	1,474,515	2,170,296	-32%
Net position:							
Net investment in capital assets	11,785,017	11,680,019	8,753,119	8,936,175	20,538,136	20,616,194	0%
Restricted	3,729,593	1,734,693	-	-	3,729,593	1,734,693	115%
Unrestricted	(6,224,909)	(1,879,687)	1,033,310	1,290,263	(5,191,599)	(589,424)	781%
Total net position	$ 9,289,701	$ 11,535,025	$ 9,786,429	$ 10,226,438	$ 19,076,130	$ 21,761,463	-12%

As noted earlier, net position may serve over time as a useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Black Mountain, Governmental and Business-Type activities, exceeded liabilities and deferred inflows by $19,076,130 at the close of the most recent fiscal year. The Town's net position decreased by $2,685,333 from the prior fiscal year. The decrease is a direct result of the damage to the Town infrastructure and water system from Hurricane Helene. In addition, Town general operations were negatively impacted for weeks following the Hurricane, with reductions in a variety of revenue sources, while many expenses increased.

The largest portion of the Town's net position, $20,538,136 reflects the Town's investment in capital assets (e.g., land, buildings, machinery, and equipment) net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The Town of Black Mountain uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of the outstanding related debt, it should be noted that 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 Black Mountain's net position, $3,729,593, represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, The Town of Black Mountain's unrestricted net position was a deficit balance of $5,191,599. The deficit is attributed to the significant damage to the Town infrastructure and water system incurred from Hurricane Helene, with a majority amount of funding from Town funds and the issuance of debt, as insurance proceeds covered only limited assets. In addition, there is approximately $15.4 million in post-employment liabilities for the Town's pension and OPEB plans, for which there are no assets set aside to pay.

Town of Black Mountain Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 3,057,152	$ 2,796,882	$ 2,250,991	$ 3,493,551	$ 5,308,143	$ 6,290,433
Operating grants and contributions	363,827	486,089	-	-	363,827	486,089
Capital grants and contributions	1,656,843	495,565	-	-	1,656,843	495,565
General revenues:						
Property taxes	5,724,618	5,506,241	-	-	5,724,618	5,506,241
Other taxes	2,573,201	2,502,016	-	-	2,573,201	2,502,016
Grants and contributions not restricted to specfic programs	965,587	1,038,878	282,158	-	1,247,745	1,038,878
Unrestricted investment earnings	296,362	371,408	56,507	155,271	352,869	526,679
Miscellaneous	285,983	404,444	91,413	70,959	377,396	475,403
Gain (loss) on disposal of property	-	(31,815)	-	-	-	(31,815)
Total revenues	14,923,573	13,569,708	2,681,069	3,719,781	17,604,642	17,289,489

Town of Black Mountain Changes in Net Position

Figure 3 (continued)

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Expenses:						
General government	1,948,534	1,664,156	-	-	1,948,534	1,664,156
Public safety	7,874,677	6,831,314	-	-	7,874,677	6,831,314
Public works	2,023,217	2,625,300	-	-	2,023,217	2,625,300
Environmental protection	1,076,692	1,714,500	-	-	1,076,692	1,714,500
Culture and recreation	1,791,471	1,613,218	-	-	1,791,471	1,613,218
Water	-	-	2,769,922	2,373,307	2,769,922	2,373,307
Golf course	-	-	-	893,072	-	893,072
Interest on long-term debt	73,778	59,708	-	-	73,778	59,708
Total expenses	14,788,369	14,508,196	2,769,922	3,266,379	17,558,291	17,774,575
Increase in net position before transfers	135,204	(938,488)	(88,853)	453,402	46,351	(485,086)
Transfers	(355,262)	-	355,262	-	-	-
Changes in net position excluding extraordinary items	(220,058)	(938,488)	266,409	453,402	46,351	(485,086)
Gain on insurance recoveries	1,132,693	-	183,444	-	1,316,137	-
Extraordinary items (Hurricane Helene) - Note 8	(3,157,959)	-	(889,862)	-	(4,047,821)	-
Changes in net position excluding extraordinary items	(2,245,324)	(938,488)	(440,009)	453,402	(2,685,333)	(485,086)
Net position, beginning, as originally stated	11,535,025	12,077,148	10,226,438	10,292,030	21,761,463	22,369,178
Prior period adjustment (Note 6)	-	396,365	-	(518,994)	-	(122,629)
Net position, beginning, as restated	11,535,025	12,473,513	10,226,438	9,773,036	21,761,463	22,246,549
Net position, end of year	$ 9,289,701	$ 11,535,025	$ 9,786,429	$ 10,226,438	$ 19,076,130	$ 21,761,463

Governmental activities. During the current fiscal year, net position for governmental activities decreased $2,245,324 from the prior fiscal year for an ending balance of $9,289,701. The following items were the largest changes during the fiscal year:

- Governmental Funds, including the extraordinary items, recorded total revenues of approximately $16,056,266, which was an increase of $2,486,658, over the prior fiscal year.
- Grants and Contributions increased by $1,039,016 from the prior fiscal year amounts, primarily related to $860,666 of FEMA expedited funding after Hurricane Helene. Other current year operational and project funding consisted of the following:
  - Private Source Contributions for Helene Recovery - $68,475
  - ABC Law Enforcement - $21,000
  - Powell Bill - $310,778
  - NC Depart of Environmental Quality - $116,000
  - NC Department of Transportation - $207,000
  - NC Department of Environment and Natural Resources - $282,158

- Sales/Service and Permits/fees show a combined increase of approximately $260,000. This increase is due primarily to the following items: the change in reporting of the golf course operations in the governmental funds with approximately $400,000 of revenue; recreation facilities revenue decreased by approximately $24,000; building inspections decreased by approximately $230,000 directly impacted by the aftermath of Hurricane Helene; increase in solid waste revenue of approximately $134,000.
- Sales and Use tax collections increased by approximately $76,000 in the current fiscal year. Sales tax revenues are distributed on a proportional ad valorem tax levy basis in Buncombe County. Economic growth has been stronger than expected, leading to an increase in sales tax collections. North Carolina has been experiencing unprecedented growth in retail sales since 2020. The growth in retail sales can be attributed to an increase in population and wage growth, allowing for an increase in household purchases. However, sales tax revenue is showing signs of slowing down. Overall, the Town's sales tax distributions increased by 3.1% from the previous fiscal year.
- Ad Valorem Tax Value increased by 4% and Ad Valorem Property Tax Collections rose 4% from the prior fiscal year. The Continued diligence in the collection of property taxes is shown by the Town's collection rate of 99.59%. Property taxes levied within the Town increased by approximately $218,000 from the prior fiscal year amounts, driven by an increase in the number of assessed properties. The property taxes levied and collected within the Town limit are used to obtain a clear calculation of total change.
- Investment earnings decreased by $75,046 from the prior fiscal year. This decrease is due to the Town use of $2,461,000 of its own funds to facilitate Hurricane Helene repairs in advance of expected grant funding and insurance proceeds.

Total expenses reported in the governmental activities, including the extraordinary items of $3.1 million, increased approximately $3.4 million from the previous year's amounts. During fiscal year 2025 supply issues continued to affect a wide range of goods and services. These issues combined with the rising inflation experienced during the year resulted in the Town seeing an increase in prices in both the supplies and services provided throughout the year.

Also included within the net position for governmental activities is transfers. The transfers usually consist of the following type of items:

- allocation of wages to the appropriate department or fund within the fiscal year.
- Transfers from the general fund may also be made to fund capital projects.
- Provide resources to other governmental funds.

These transactions will be seen as a Transfer Out in the General Fund and a Transfer In within the Receiving Fund. Within the current fiscal year, the general fund had an increase in transfers out within governmental activities due to the $2.461 million transfer to other funds in response to recovery efforts from Hurricane Helene.

Business-type activities: During the current fiscal year, net position for business type activities decreased $440,009 from the prior fiscal year for an ending balance of $9,786,729.

Golf Fund – Effective July 1, 2024, the activities of the golf course were transferred to the general fund. This resulted in a prior period adjustment in the business type activities of $518,994 to transfer the beginning net position of the golf fund to the general fund.

Water Fund - The Water Fund reported a decrease in net position of $440,009 in the current fiscal year as compared to an increase of $288,094 in the prior fiscal year. The primary reasons for this decrease are due to the following factors:

- The Town experienced loss of operating revenue in the aftermath of Hurricane Helene of approximately $169,000 due to the destruction in both residential and commercial areas of service.
- An increase in water system operations costs of approximately $400,000.
- Interest earned decreased by approximately $100,000.
- Federal grant funding was received of $282,158 for the Swannanoa River Flood bench project.
- The recovery efforts after Hurricane Helene created an extraordinary loss of $706,418, before a transfer from the general fund of $355,262.

Financial Analysis of the Town of Black Mountain's Funds

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

Governmental Funds. The focus of the Town of Black Mountain's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the Town of Black Mountain's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by either an external party, the Town, a group or individual(s) that have been delegated authority to assign resources for use for particular purposes by the Town of Black Mountain's Council.

The Town maintains 3 major governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the three major funds, the General Fund, Fire Department Fund, and the Disaster Relief Capital Project Fund. Data from the other governmental funds are combined into a single, aggregated presentation under other governmental funds. These Non-Major Funds include the Stormwater Fund, Fines and Forfeitures Fund, Developmental Services Fund, Grant Fund, and the General Capital Project Fund.

At the end of the current fiscal year, the Town of Black Mountain's governmental funds reported a combined ending fund balances of $8,201,490, which is a decrease of $1,074,030 from the prior year. Of this amount, $1,957,345, or 25% of the total fund balance, represents unassigned fund balance, which is available for spending at the Town's discretion.

The remainder of the fund balance is broken down as follows:

- Non-Spendable: $117,746– resources not in spendable form, for example inventories, lease, and prepaid items.
- Restricted: $3,729,593 – resources specifically restricted by the provider.
- Assigned: $415,950– resources assigned by the intent of use, not by formal enactment.
- Committed: $1,980,856– resources committed to intent of use by formal action of Town Council.

Analysis of Individual Funds

The **General Fund** is the chief operating fund of the Town of Black Mountain. At the end of the current fiscal year, unassigned fund balance within the general fund was $1,957,345, while Town's total general fund balance decreased to $4,440,127. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total general fund expenditures. The *general fund* **unassigned fund balance** represents 18% of total *general fund* expenditures, while the total general fund balance represents 41% of that same expenditure total. The total unassigned fund balance is 26% of the total expenditures for the upcoming budget year.

The General Fund recorded revenues of $10,890,123 during the fiscal year, which was an increase of $501,488, or 5% of the $10,388,635 recorded in the prior fiscal year, primarily due to the following:

- Sales and Use tax collections increased by approximately $76,000 in the current fiscal year. Sales tax revenues are distributed on a proportional ad valorem tax levy basis in Buncombe County. With the distribution being tied to ad valorem values the sales tax distribution increases with the increase in the values of homes and we continue to see growth with residential and commercial structures. North Carolina continues to add population, and inflation rates continued to climb for the majority of the fiscal year. Both factors positively contribute to sales tax collections.
- General Fund Ad Valorem Tax Value and Ad Valorem Property Tax Collections increased by 4% from the prior fiscal year. The Continued diligence in the collection of property taxes is shown by the Town's collection rate of 99.59%. Property taxes increased by $405,878 from the prior fiscal year amounts, driven by an increase in the number of assessed properties and the continued growth of property values.
- Sales/services revenue increased with the addition of the golf course operations within the general fund, net of loss of revenue directly related to Hurricane Helene.
- Investment earnings decreased by approximately $75,000 from the prior fiscal year. This decrease is due to the Town use of $2,461,000 of its own funds to facilitate Hurricane Helene repairs in advance of expected grant funding and insurance proceeds.

Expenditures in the General Fund, excluding transfers, were $10,783,481 for the current fiscal year, which was an increase of $966,376, or 10% over the $9,817,105 recorded in the prior fiscal year.

Transfers from the general fund accounted for $3,898,686, the majority of the transfers out are due to the $2,461,000 of Town funds transferred to the Disaster Relief Capital Project Fund and the Water Capital Project Fund for hurricane recovery efforts, and the $1,550,000 transferred to the Fire Department Fund.

The **Fire Department Fund** is a major governmental fund, categorized as a special revenue fund. This fund is used to account for the Town's fire department operations. The Fire Department fund was originally accounted for within the Town's general fund. Due to the restrictions on property tax and sales tax received for fire protection services only from the county the Town moved this department into a special revenue fund in order to have a transparent view of actual department activities. All the revenue received from outside agencies for this department is assigned for this public safety purpose. The general fund transferred $1,550,000 to the fire department fund to support operational costs. The fire department fund showed a Fund Balance of $120,896 at year end.

The **Disaster Relief Capital Projects Fund** is a major governmental fund. This fund accounts for insurance proceeds, state grant and loan funding, and FEMA reimbursable expenditures related to disaster recovery efforts of tropical storm Fred and Hurricane Helene. At year end the Disaster Relief Capital Project Fund had a Fund Balance of $2,068,099, of which $1,076,161 is committed and $991,938 is restricted. The amount accounted for 25% of the total governmental fund balance within fiscal year 2025.

As of June 30, 2025, the **Non-Major Governmental Funds** of the Town reported a fund balance of $1,572,368 a decrease of $265,716 from the previous year. The non-major governmental fund balance represents 19% of the combined fund balance for the governmental funds. All other funds are shown as an aggregate total. For a fund to be categorized as Non-Major it must meet the following criteria:

- The fund's total assets, liabilities, revenues, or expenditures are less than 10% of the corresponding totals for all funds of the same category or type.
- The fund's total assets, liabilities, revenues, or expenditures are less than 5% of the total for all governmental and proprietary funds combined

Proprietary Funds. The Town's Enterprise Funds fall under the proprietary funds category. The Enterprise Funds are used to report the same functions shown within the business-type activities portion of the government-wide financial statements, but in more detail. The Town uses Enterprise Funds to account for its

Water and Sewer Utility Activities. These funds are the same as those shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Net position for the Water fund at the end of the year was $9,786,429 and of this amount $1,033,310 was Unrestricted. The total change in the Total Net Position for the Water fund was a decrease of $440,009.

As noted earlier in the discussion of business-type activities, the decrease within the Water Fund is due to loss of revenue and increased expenses from Hurricane Helene.

Fiduciary Funds – Fiduciary Funds are used to account for resources held for the benefit of parties outside the government. Town of Black Mountain has one fiduciary fund, which is a Custodial fund, for the Metropolitan Sewerage District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Town's own programs.

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.

Total amendments to the General Fund increased revenues, other sources of funds, and expenditures by $490,315. The main reason for this increase is appropriated fund balance transferred out of the general fund. These transferred funds were used for the Hurricane Helene recovery.

Revenue: When comparing the final budget to actuals, revenues were under the final budget by approximately $645,000. This was primarily due to the following factors:

- $108,419 more revenue was received from the collection of ad valorem and vehicle property taxes than was originally budgeted.
- $635,522 less revenue was received from sales and services, which includes direct impact from Hurricane Helene in the areas of the golf course, recreation facilities and building inspections.
- Interest Income was realized at less than the budgeted amount. This was due to the use of Town funds for hurricane relief efforts.

Expenses: The General Fund actual expenditures ended the year at approximately $10,783,000 which is approximately $1,103,800 below the $11,887,282 revised expenditures budget for the fiscal year. The following factors contributed to the expenditure actuals being less than the adjusted budget during the fiscal year:

- When Hurricane Helene hit Western North Carolina on September 27, 2024, Town personnel normally accounted for within the general fund were refocused for several months. The focus of all departments within Town operations was on relief and recovery. The weeks, extending into months, after the disaster, many Town personnel were focusing their time and attention to the recovery. The expenses associated with these efforts are accounted for in the Disaster Relief Capital Project Fund.
- Planned purchases and other projects were placed on hold.

Capital Asset and Debt Administration

Capital assets. The Town of Black Mountain's investment in capital assets for its governmental and business–type activities as of fiscal year end amounts to $23,464,945 (net of accumulated depreciation/amortization). This investment in capital assets includes land and land improvements, buildings, machinery, equipment, vehicles, park facilities, roads, highways, bridges, intangibles, and water facilities and infrastructure. The total decrease in capital assets for the current fiscal year was $630,730.

Major capital asset transactions during the year include the following:

- The Town suffered the loss of capital assets in Hurricane Helene with a net book value of approximately $2.8 million.
- Vehicle purchases of $1,186,954, including $825,905 in replacements for vehicles destroyed in Hurricane Helene.
- Fencing, bleachers, and a concrete pad at Veteran's Park totaling $136,771 in replacement for destruction at the park in Hurricane Helene.
- Street paving.
- Leased equipment in the Golf Fund and irrigation upgrades in replacement of destruction to the course and equipment in Hurricane Helene.
- Equipment was replaced in the Water Fund for destruction in Hurricane Helene.
- Significant repairs were completed to the Old Toll Water Line.

Town of Black Mountain's Capital Assets
(Net of depreciation)
Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2025	Restated 2024	2025	Restated 2024	2025	Restated 2024
Land	$ 4,220,153	$ 4,237,753	$ 623,145	$ 640,645	$ 4,843,298	$ 4,878,398
Buildings	3,339,322	4,032,347	69,534	553,124	3,408,856	4,585,471
Land improvements	2,231,590	2,393,896	2,236,853	2,135,574	4,468,443	4,529,470
Furniture and fixtures	19,600	32,419	-	-	19,600	32,419
Equipment	445,164	609,141	276,225	236,151	721,389	845,292
Water infrastructure	-	-	4,078,872	4,564,195	4,078,872	4,564,195
Vehicles and motorized equipment	3,039,574	2,593,895	329,579	186,160	3,369,153	2,780,055
Right-to-use leased asset (equipment)	384,051	371,336	-	-	384,051	371,336
Construction in progress	429,752	120,176	1,741,531	1,388,863	2,171,283	1,509,039
Total capital assets	$ 14,109,206	$ 14,390,963	$ 9,355,739	$ 9,704,712	$ 23,464,945	$ 24,095,675

Additional information on the Town's capital assets can be found in Note 2-A.5 of the Basic Financial Statements.

Long-term Debt. At the end of the current fiscal year, the Town of Black Mountain had total long-term debt outstanding of $3,632,512. Of this amount, $339,439 is debt backed by the full faith and credit of the government. The remainder of the long-term obligations are comprised of notes and leases payable.

The Town of Black Mountain's total debt increased by $153,036 during the current fiscal year. The following are the reasons for the overall increase:

- Police Vehicles and Equipment Installment note entered into within 2025 for $194,000
- NC Cashflow Loan entered into within 2025 for $705,703
- Right to use asset leases entered into within 2025 for $381,569
- The total outstanding debt balances reduction due to debt services payments within the year

Additional information regarding the Town of Black Mountain's long-term debt can be found in Note 2.B.7 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The following economic factors currently affect the Town of Black Mountain and were considered in developing the Upcoming Fiscal Year budget:

- Buncombe County's unemployment rate of 4.5% remains to be one of the lowest in the state, and below the statewide rate of 3.7%.
- Continued growth in population and tourism within the Town
- The Town's property tax rate remains 32.1 cents per $100 of valuation.
- Ad Valorem Tax Value and Collections are on track to continue to grow due to increased home value and growth within our residential and commercial developments.
- Local Sales and Use tax revenue has steadily increased annually, and for three years revenues have exceeded projections and expectations.
- Waste reduction fee will increase $3 per month per living unit.
- Water rates will increase by approximately 15%.
- While the unemployment rate remained low, the labor force participation rate had not fully returned to pre-pandemic levels by June 2025, with continuing impact from Hurricane Helene for employers within Town limits.
- A shortage of employees and disruptions in the supply chain productions look to continue.
- Widespread inflationary pressures resulted in price increases as demand outweighed the supply across a wide range of goods and services.
- The town will also be providing employees with a Cost-of-Living Adjustment (COLA) of 3% for full-time employees within the upcoming fiscal year. The Town looks to add 4 full-time and 1 part-time position.

Budget Highlights for the Fiscal Year Ending June 30, 2026

At the end of the current fiscal year, the unassigned fund balance in the general fund was $1,957,345. The Town of Black Mountain operating budget for Fiscal Year 2026 totals approximately $19,569,250, a decrease of 11% over the prior year original budget.

As in prior years, the Town's budget development was guided by the following principles: (1) preserving current Town assets; (2) investing in the Town's future; and (3) minimizing rate impacts on citizens and customers.

In the continuing Hurricane Helene recovery efforts, the Town expects that significant infrastructure and water system projects will begin in fiscal year 2026 totaling $13.4 million. The projects will be funded through a combination of federal and state grants, insurance proceeds, the NC Department of the State Treasurer Cash Flow Loans, and Town appropriations. Additional recovery projects are necessary, and the Town is actively pursuing both federal and state sources to secure the funds for these projects. The recovery projects are reported in the Disaster Relief Capital Project Fund and the Water Capital Project Fund, with budgets in multi-year ordinances.

Requests for Information

This report is designed to provide a general overview of the Town of Black Mountain's finances for all those with an interest in government finances. Additional information may be found on the Town's website: http://www.townofblackmountain.org

Questions concerning any of the information provided in this report or requests for additional information should be addressed to Town of Black Mountain, Town Manager or Finance Director, Town of Black Mountain, 160 Midland Avenue, Black Mountain, NC 28711.

Statement of Net Position
June 30, 2025

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Black Mountain ABC Board
ASSETS				
Current assets:				
Cash and cash equivalents	$ 6,131,020	$ 1,593,379	$ 7,724,399	$ 670,582
Taxes receivable, net	30,875	-	30,875	-
Lease receivable	79,721	-	79,721	-
Accounts receivable, net	120,137	337,769	457,906	-
Due from other governments	1,604,540	-	1,604,540	-
Inventories	12,700	188,041	200,741	337,510
Prepaid items	105,479	666	106,145	3,909
Restricted:				
Cash and cash equivalents	1,411,079	254,748	1,665,827	-
Total current assets	9,495,551	2,374,603	11,870,154	1,012,001
Non-current assets:				
Capital assets:				
Land and construction in progress	4,649,905	2,364,676	7,014,581	66,737
Other capital assets, net	9,459,301	6,991,063	16,450,364	563,073
Total capital assets	14,109,206	9,355,739	23,464,945	629,810
Total assets	23,604,757	11,730,342	35,335,099	1,641,811
DEFERRED OUTFLOWS OF RESOURCES				
Pension deferrals	2,544,918	253,502	2,798,420	77,774
OPEB deferrals	3,324,018	369,335	3,693,353	-
Total deferred outflows of resources	5,868,936	622,837	6,491,773	77,774
LIABILITIES				
Current liabilities:				
Accounts payable	771,033	144,635	915,668	488
Other liabilities	134,012	-	134,012	230,248
Accrued interest payable	40,300	2,426	42,726	-
Liabilities payable from restricted cash:				
Unearned revenue	15,016	-	15,016	-
Developer or customer deposits	136,523	254,748	391,271	-
Current portion of long-term liabilities	1,054,742	171,571	1,226,313	-
Total current liabilities	2,151,626	573,380	2,725,006	230,736
Long-term liabilities:				
Net pension liability - LGERS	4,398,871	488,763	4,887,634	144,267
Total pension liability - LEOSSA	1,146,223	-	1,146,223	-
Net OPEB liability	8,471,205	941,245	9,412,450	-
Due in more than one year	2,670,420	434,494	3,104,914	-
Total liabilities	18,838,345	2,437,882	21,276,227	375,003
DEFERRED INFLOWS OF RESOURCES				
Leases	79,214	-	79,214	-
Pension deferrals	161,961	6,149	168,110	7,845
OPEB deferrals	1,104,472	122,719	1,227,191	-
Total deferred inflows of resources	1,345,647	128,868	1,474,515	7,845
NET POSITION				
Net investment in capital assets	11,785,017	8,753,119	20,538,136	629,810
Restricted for:				
Stabilization by State statute	1,724,677	-	1,724,677	-
Streets	281,602	-	281,602	-
Capital projects	1,664,540	-	1,664,540	-
Building inspections	58,774	-	58,774	-
Working capital	-	-	-	122,404
Unrestricted (deficit)	(6,224,909)	1,033,310	(5,191,599)	584,523
Total net position	$ 9,289,701	$ 9,786,429	$ 19,076,130	$ 1,336,737

The accompanying notes are an integral part of these financial statements.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Statement of Activities
For the year ended June 30, 2025

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	Component Unit: Town of Black Mountain ABC Board
Primary government:								
Governmental Activities:								
General government	$ 1,948,534	$ 257,653	$ -	$ -	$ (1,690,881)	$ -	$ (1,690,881)	$ -
Public safety	7,874,677	1,563,357	46,440	-	(6,264,880)	-	(6,264,880)	-
Public works	2,023,217	374,054	310,778	398,650	(939,735)	-	(939,735)	-
Environmental protection	1,076,692	248,744	6,609	1,028,652	207,313	-	207,313	-
Cultural and recreational	1,791,471	613,344	-	229,541	(948,586)	-	(948,586)	-
Interest on long-term debt	73,778	-	-	-	(73,778)	-	(73,778)	-
Total governmental activities	14,788,369	3,057,152	363,827	1,656,843	(9,710,547)	-	(9,710,547)	-
Business-type activities:								
Water	2,769,922	2,250,991	-	-	-	(518,931)	(518,931)	-
Total business-type activities	2,769,922	2,250,991	-	-	-	(518,931)	(518,931)	-
Total primary government	$ 17,558,291	$ 5,308,143	$ 363,827	$ 1,656,843	(9,710,547)	(518,931)	(10,229,478)	-
Component unit:								
Town of Black Mountain ABC Board	$ 3,057,311	$ 2,995,590	$ -	$ -	-	-	-	(61,721)
Total component unit	$ 3,057,311	$ 2,995,590	$ -	$ -	-	-	-	(61,721)
General revenues:								
Taxes:								
Property taxes, levied for general purpose					5,724,618	-	5,724,618	-
Sales taxes					2,528,975	-	2,528,975	-
Other taxes					44,226	-	44,226	-
Grants and contributions not restricted to specific programs					965,587	282,158	1,247,745	-
Unrestricted investment earnings					296,362	56,507	352,869	20,813
Miscellaneous					285,983	91,413	377,396	-
Total general revenues					9,845,751	430,078	10,275,829	(106,188)
Transfers					(355,262)	355,262	-	-
Total general revenues and transfers					9,490,489	785,340	10,275,829	(106,188)
Changes in net position excluding extraordinary items					(220,058)	266,409	46,351	(167,909)
Extraordinary items (Hurricane Helene) - Note 8								
Gain on insurance recoveries					1,132,693	183,444	1,316,137	-
Disaster relief repairs					(3,157,959)	(889,862)	(4,047,821)	-
Total extraordinary items, net					(2,025,266)	(706,418)	(2,731,684)	-
Changes in net position					(2,245,324)	(440,009)	(2,685,333)	(167,909)
Net position, beginning, as originally stated					11,138,660	10,745,432	21,884,092	1,504,646
Prior period adjustment (Note 6)					396,365	(518,994)	(122,629)	-
Net position, beginning, as restated					11,535,025	10,226,438	21,761,463	1,504,646
Net position, end of year					$ 9,289,701	$ 9,786,429	$ 19,076,130	$ 1,336,737

The accompanying notes are an integral part of these financial statements.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2025

	Major			Non-major	
	General Fund	Fire Department Fund	Disaster Relief Capital Project Fund	Other Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	$ 3,034,280	$ 160,123	$ 1,621,623	$ 1,314,994	$ 6,131,020
Restricted cash and cash equivalents	426,987	-	705,703	278,389	1,411,079
Lease receivable	79,721	-	-	-	79,721
Taxes receivable, net	30,875	-	-	-	30,875
Accounts receivable, net	46,313	16,780	-	57,044	120,137
Due from other governments	1,216,171	102,134	286,235	-	1,604,540
Inventories	12,700	-	-	-	12,700
Prepaid items	104,539	405	-	535	105,479
Total assets	$ 4,951,586	$ 279,442	$ 2,613,561	$ 1,650,962	$ 9,495,551
LIABILITIES					
Accounts payable and accrued liabilities	$ 121,973	$ 158,546	$ 418,074	$ 72,440	$ 771,033
Salaries and payroll taxes payable	134,012	-	-	-	134,012
Liabilities payable from restricted cash:					
Unearned revenue	15,016	-	-	-	15,016
Developer deposits	130,369	-	-	6,154	136,523
Total liabilities	401,370	158,546	418,074	78,594	1,056,584
DEFERRED INFLOWS OF RESOURCES					
Taxes receivable, net	30,875	-	-	-	30,875
Other	-	-	127,388	-	127,388
Leases	79,214	-	-	-	79,214
	110,089	-	127,388	-	237,477
FUND BALANCES					
Nonspendable:					
Inventories	12,700	-	-	-	12,700
Leases	507	-	-	-	507
Prepaid items	104,539	-	-	-	104,539
Restricted for:					
Stabilization by State statute	1,262,484	118,914	286,235	57,044	1,724,677
Streets	281,602	-	-	-	281,602
Capital projects	-	-	705,703	958,837	1,664,540
Building inspections	-	-	-	58,774	58,774
Committed for capital projects	405,000	-	1,076,161	497,713	1,978,874
Committed for fire protection	-	1,982	-	-	1,982
Assigned for:					
Subsequent year's expenditures	415,950	-	-	-	415,950
Unassigned	1,957,345	-	-	-	1,957,345
Total fund balances	4,440,127	120,896	2,068,099	1,572,368	8,201,490
Total liabilities, deferred inflows of resources, and fund balance	$ 4,951,586	$ 279,442	$ 2,613,561	$ 1,650,962	$ 9,495,551

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

Total fund balance - governmental funds		$ 8,201,490
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		14,109,206
Deferred outflows of resources related to pensions are not reported in the funds.		2,544,918
Deferred outflows of resources related to OPEB are not reported in the funds.		3,324,018
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		158,263
Deferred inflows of resources related to pensions are not reported in the funds.		(161,961)
Deferred inflows of resources related to OPEB are not reported in the funds.		(1,104,472)
Some liabilities are not due and payable in the current period and therefore are not reported in the funds.		
Installment obligations	$ (1,889,482)	
NC DST Cash Flow	(705,703)	
Revolving loans	(47,136)	
Lease liabilities	(387,571)	
Compensated absences	(695,270)	
Net pension liability - LGERS	(4,398,871)	
Total pension liability - LEOSSA	(1,146,223)	
Net OPEB liability	(8,471,205)	
Accrued interest payable	(40,300)	(17,781,761)
Net position of governmental activities		$ 9,289,701

The accompanying notes are an integral part of these financial statements.

GOVERNMENTAL FUNDS
Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2025

	Major			Non-major		
	General Fund	Fire Department Fund	Disaster Relief Capital Project Fund	General Capital Project Fund	Other Governmental Funds	Total Governmental Funds
REVENUES						
Ad valorem taxes	$ 5,708,419	$ -	$ -	$ -	$ -	$ 5,708,419
Other taxes and licenses	2,573,201	-	-	-	-	2,573,201
Unrestricted intergovernmental	935,467	30,120	-	-	-	965,587
Restricted intergovernmental	352,969	10,858	901,264	-	628,191	1,893,282
Permits and fees	-	14,045	-	-	593,684	607,729
Sales and services	900,838	1,548,585	-	-	-	2,449,423
Miscellaneous	148,197	19,322	68,475	-	49,991	285,985
Investment earnings	271,032	4,285	-	-	21,045	296,362
Total revenues	10,890,123	1,627,215	969,739	-	1,292,911	14,779,988
EXPENDITURES						
Current:						
General government	1,786,808	-	1,175,171	-	34,702	2,996,681
Public safety	3,523,616	3,123,466	127,292	-	662,574	7,436,948
Public works	1,821,800	-	1,668,760	-	481,917	3,972,477
Environmental protection	885,534	-	696,637	-	-	1,582,171
Cultural and recreational	1,790,174	-	576,274	-	-	2,366,448
Capital outlay	-	-	-	-	257,693	257,693
Debt service:						
Principal	922,815	30,082	-	-	9,427	962,324
Interest	52,734	24,154	-	-	-	76,888
Total expenditures	10,783,481	3,177,702	4,244,134	-	1,446,313	19,651,630
Revenues over (under) expenditures	106,642	(1,550,487)	(3,274,395)	-	(153,402)	(4,871,642)
Other financing sources (uses):						
Proceeds from sale of capital assets	3,011	4,493	-	-	-	7,504
Insurance proceeds	360,847	9,919	2,493,332	-	-	2,864,098
Installment obligations issued	575,569	-	705,703	-	-	1,281,272
Transfers from other funds	562,314	1,550,000	2,105,738	-	614,160	4,832,212
Transfers to the other funds	(4,461,000)	-	-	-	(726,474)	(5,187,474)
Total other financing sources (uses)	(2,959,259)	1,564,412	5,304,773	-	(112,314)	3,797,612
Net change in fund balances	(2,852,617)	13,925	2,030,378	-	(265,716)	(1,074,030)
Fund balance, beginning of year, as previously stated	7,053,111	106,971	-	1,511,405	364,400	9,035,887
Restatement (Note 6 and 7)	239,633	-	37,721	(1,511,405)	1,473,684	239,633
Fund balance, beginning of year	7,292,744	106,971	37,721	-	1,838,084	9,275,520
Fund balances, end of year	$ 4,440,127	$ 120,896	$ 2,068,099	$ -	$ 1,572,368	$ 8,201,490

The accompanying notes are an integral part of these financial statements.

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, 2025

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:		
Net changes in fund balances - total governmental funds		$ (1,074,030)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays was more than depreciation in the current period.		
Capital outlay expenditures which were capitalized.	$ 2,286,268	
Depreciation expense for governmental assets.	(1,125,993)	1,160,275
Right to used leased asset capital outlay expenditures which were capitalized.	381,569	
Amortization expense for intangible assets.	(84,692)	296,877
In the statement of activities, only the gain on the sale of capital assets is reported. However, in the governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net assets differs from the change in fund balance by the cost of the capital assets sold.		(1,738,909)
Contributions to the pension plan in the current fiscal year are not included on the statement of Activities.		818,428
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities.		44,904
OPEB benefit payments and administrative costs made in the current fiscal year are not included on the statement of activities.		420,648
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		143,587
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on long-term debt	962,324	
Issuance of long-term debt	(1,281,272)	
Decrease in accrued interest payable	3,108	(315,840)
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 used (accrued)	(69,922)	
Pension expense - LGERS	(1,394,293)	
Pension expense - LEOSSA	(113,742)	
OPEB plan benefit (expense)	(423,307)	(2,001,264)
Total changes in net position of governmental activities		$ (2,245,324)

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – GENERAL FUND
For the year ended June 30, 2025

	General Fund			
	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	$ 5,600,000	$ 5,600,000	**$ 5,708,419**	$ 108,419
Other taxes and licenses	2,634,400	2,634,400	**2,573,201**	(61,199)
Unrestricted intergovernmental	974,500	974,500	**935,467**	(39,033)
Restricted intergovernmental	309,500	330,480	**352,969**	22,489
Sales and services	1,536,360	1,536,360	**900,838**	(635,522)
Investment earnings	317,800	317,800	**271,032**	(46,768)
Miscellaneous	74,900	141,430	**148,197**	6,767
Total revenues	11,447,460	11,534,970	**10,890,123**	(644,847)
Expenditures:				
Current:				
General government	1,920,870	2,005,900	**1,786,808**	219,092
Public safety	3,434,620	3,728,307	**3,523,616**	204,691
Public works	2,070,480	2,229,970	**1,821,800**	408,170
Environmental protection	1,002,490	1,002,490	**885,534**	116,956
Cultural and recreation	1,999,850	1,652,344	**1,790,174**	(137,830)
Debt service:				
Principal retirement	536,100	923,224	**922,815**	409
Interest and other charges	52,950	52,950	**52,734**	216
Total expenditures	11,017,360	11,595,185	**10,783,481**	811,704
Revenues over (under) expenditures	430,100	(60,215)	**106,642**	166,857
Other financing sources (uses):				
Appropriated fund balance	1,692,120	4,297,830	**-**	(4,297,830)
Proceeds from sale of capital assets	-	-	**3,011**	3,011
Insurance proceeds	-	68,216	**360,847**	292,631
Proceeds from installment obligations	194,000	194,000	**575,569**	381,569
Transfer from other funds	-	541,314	**562,314**	21,000
Transfer to other funds	(2,316,220)	(5,041,145)	**(4,461,000)**	580,145
Total other financing sources (uses)	(430,100)	60,215	**(2,959,259)**	(3,019,474)
Revenues and other sources under expenditures and other uses	$ -	$ -	**(2,852,617)**	$ (2,852,617)
Fund balance, beginning of year, as previously stated			**6,648,111**	
Restatement (Note 6)			**239,633**	
Fund balance, beginning of year			**6,887,744**	
Fund balance, end of year			**4,035,127**	
A legally budgeted Capital Reserve Fund is consolidated into the General Fund for reporting purposes:				
Fund balance, beginning of year (Capital Reserve Fund)			**405,000**	
Fund balance, end of year (Exhibit 4)			**$ 4,440,127**	

The accompanying notes are an integral part of these financial statements.

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL – FIRE DEPARTMENT FUND
For the year ended June 30, 2025

	Fire Department Fund			
	Original Budget	Final Budget	**Actual**	Variance With Final Budget Positive (Negative)
Revenues:				
Charges for services	$ 1,135,000	$ 1,561,000	**$ 1,548,585**	$ (12,415)
Unrestricted intergovernmental	475,500	40,000	**30,120**	(9,880)
Payment in lieu of tax	-	10,500	**10,858**	358
Permits and fees	1,000	-	**14,045**	14,045
Investment earnings	14,500	14,500	**4,285**	(10,215)
Miscellaneous	6,000	2,000	**19,322**	17,322
Total revenues	1,632,000	1,628,000	**1,627,215**	(785)
Expenditures:				
Current:				
Salaries and employee benefits	2,796,500	2,643,689	**2,556,044**	87,645
Operating expenses	281,860	485,569	**481,320**	4,249
Capital outlay	481,200	458,274	**86,102**	372,172
Debt service:				
Principal retirement	30,000	30,100	**30,082**	18
Interest and other charges	24,300	24,419	**24,154**	265
Total expenditures	3,613,860	3,642,051	**3,177,702**	464,349
Revenues under expenditures	(1,981,860)	(2,014,051)	**(1,550,487)**	463,564
Other financing sources:				
Appropriated fund balance	-	19,400	**-**	(19,400)
Insurance proceeds	-	8,791	**9,919**	1,128
Proceeds from sale of capital assets	-	4,000	**4,493**	493
Transfer from general fund	1,981,860	1,981,860	**1,550,000**	(431,860)
Total other financing sources	1,981,860	2,014,051	**1,564,412**	(449,639)
Revenues and other sources over expenditures	$ -	$ -	**13,925**	$ 13,925
Fund balance, beginning of year			**106,971**	
Fund balance, end of year			**$ 120,896**	

The accompanying notes are an integral part of these financial statements.

PROPRIETARY FUND
Statement of Fund Net Position
June 30, 2025

	Major Enterprise Fund
	Water Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 1,593,379
Accounts receivable:	
Accounts receivable - billed, net	238,362
Accounts receivable - unbilled, net	99,407
Inventories	188,041
Prepaid items	666
Restricted cash and cash equivalents	254,748
Total current assets	2,374,603
Noncurrent assets:	
Capital assets:	
Land and other non-depreciable assets	2,364,676
Other capital assets, net of depreciation/amortization	6,991,063
Capital assets, net	9,355,739
Total assets	11,730,342
DEFERRED OUTFLOWS OF RESOURCES	
Pension deferrals	253,502
OPEB deferrals	369,335
Total deferred outflows of resources	622,837
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	144,635
Accrued interest payable	2,426
Liabilities payable from restricted cash:	
Customer deposits	254,748
Compensated absences, current	3,445
Revolving loans payable, current	48,717
Installment purchase, current	119,409
Total current liabilities	573,380
Noncurrent liabilities:	
Net pension liability	488,763
Net OPEB liability	941,245
Revolving loans payable	243,586
Installment purchase	190,908
Total noncurrent liabilities	1,864,502
Total liabilities	2,437,882
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals	6,149
OPEB deferrals	122,719
Total deferred inflows of resources	128,868
NET POSITION	
Net investment in capital assets	8,753,119
Unrestricted	1,033,310
Total net position	$ 9,786,429

The accompanying notes are an integral part of these financial statements.

PROPRIETARY FUNDS
Statement of Revenues, Expenses, and Changes in Fund Net Position
For the year ended June 30, 2025

	Major Enterprise Fund		
	Water Fund	Golf Course Fund	Total
OPERATING REVENUES			
Charges for services	$ 1,927,203	$ -	$ 1,927,203
Other	323,788	-	323,788
Miscellaneous	91,413	-	91,413
Total operating revenues	2,342,404	-	2,342,404
OPERATING EXPENSES			
Water system administration	394,620	-	394,620
Water system operations	1,958,391	-	1,958,391
Depreciation and amortization	399,693	-	399,693
Total operating expenses	2,752,704	-	2,752,704
Operating loss	(410,300)	-	(410,300)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	56,507	-	56,507
Interest on long-term debt	(17,218)	-	(17,218)
Total nonoperating revenue (expenses)	39,289	-	39,289
Loss before transfers and contributions	(371,011)	-	(371,011)
TRANSFERS AND CONTRIBUTIONS			
Transfers from other funds	355,262	-	355,262
Capital contributions	282,158	-	282,158
Total transfers and contributions	637,420	-	637,420
Change in net position before extraordinary items	266,409	-	266,409
EXTRAORDINARY ITEMS (HURRICANE HELENE) - NOTE 8			
Gain on insurance recoveries	183,444	-	183,444
Disaster relief repairs	(889,862)	-	(889,862)
Total extraordinary items, net	(706,418)	-	(706,418)
Change in net position	(440,009)	-	(440,009)
Net position, beginning of year, as originally reported	10,226,438	518,994	10,745,432
Prior period adjustment (Note 6)	-	(518,994)	(518,994)
Net position, beginning	10,226,438	-	10,226,438
Net position, end of year	$ 9,786,429	$ -	$ 9,786,429

The accompanying notes are an integral part of these financial statements.

Exhibit 10

PROPRIETARY FUNDS
Statements of Cash Flows
For the year ended June 30, 2025

	Major Enterprise Fund
	Water Fund
Cash flows from operating activities:	
Cash received from customers	$ 2,276,596
Cash paid for goods and services	(1,235,827)
Cash paid to employees	(853,543)
Net cash used by operating activities	187,226
Cash flows from capital and related financing activities:	
Cash received from grants	282,158
Insurance proceeds	1,298,267
Transfers from other funds	355,262
Acquisition and construction of capital assets	(1,165,543)
Principal retirement	(165,913)
Interest paid on long-term debt	(17,218)
Net cash used by capital and related financing activities	587,013
Cash flows from investing activities:	
Interest on investments	56,507
Cash used by extraordinary item	(889,862)
Net decrease in cash and cash equivalents	(59,116)
Cash and cash equivalents, beginning of year	1,907,243
Cash and cash equivalents, end of year	$ 1,848,127
Reconciliation of operating loss to net cash used by operating activities:	
Operating loss	$ (410,300)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation and amortization	399,693
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	(56,281)
(Increase) decrease in inventories	(24,230)
(Increase) decrease in prepaids	(129)
(Increase) decrease in deferred outflows of resources for pensions	27,494
(Increase) decrease in deferred outflows of resources for OPEB	(205,626)
Increase (decrease) in accounts payable and accrued liabilities	76,049
Increase (decrease) in customer deposits	(9,527)
Increase (decrease) in compensated absences	1,330
Increase (decrease) in total OPEB liability	378,488
Increase (decrease) in net pension liability - LGERS	38,755
Increase (decrease) in deferred inflows of resources - pensions	(519)
Increase (decrease) in deferred inflows of resources - OPEB	(27,971)
Total adjustment	597,526
Net cash provided by operating activities	$ 187,226

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUND
Statement of Fiduciary Net Position
June 30, 2025

	Metropolitan Sewerage District Billing Fund
ASSETS	
Cash and cash equivalents	$ 140,404
Accounts receivable	236,060
Total assets	$ 376,464
LIABILITIES	
Due to Metropolitan Sewerage District	$ 376,464

The accompanying notes are an integral part of these financial statements.

FIDUCIARY FUND
Statement of Changes in Fiduciary Net Position
For the year ended June 30, 2025

	Metropolitan Sewerage District Billing Fund
ADDITIONS	
Sewer treatment and maintenance fees	$ 1,583,039
DEDUCTIONS	
Remittances to Metropolitan Sewerage District	1,583,039
Changes in fiduciary net position	-
Net position, beginning of year	-
Net position, end of year	$ -

The accompanying notes are an integral part of these financial statements.

Note 1 - Summary of Significant Accounting Policies and Reporting Entity:

The accounting policies of the Town of Black Mountain (the "Town") 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 Black Mountain is a municipal corporation which is governed by an elected Mayor and a five-member town 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 identified 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.

Town of Black Mountain ABC Board

The members of the ABC Board's governing board are appointed by the Black Mountain Town Council. In addition, the ABC Board is required by state statute to distribute its surpluses to the Town's General Fund. The ABC Board, which has a June 30 year end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Black Mountain ABC Board, Highway 9, Black Mountain NC, 28711.

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 expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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.

Proprietary fund operating revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party

receives and gives up essentially equal values. Non-operating revenues, such as subsidies and investment earnings, result from non-exchange transactions or ancillary activities.

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, sanitation services, recreation, and general governmental activities. Additionally, the Town has legally adopted a capital reserve fund. Under GASB 54 guidance, the Capital Reserve Fund is consolidated in the General Fund. The budgetary comparison for the Capital Reserve Fund has been included in the supplemental information.

Fire Department Fund. This fund is used to account the Town's fire department operations. The primary revenue source comes from an agreement with Buncombe County to provide fire protection services to certain unincorporated areas.

Disaster Relief Capital Project Fund. This fund is used to account for FEMA and insurance reimbursable expenditures related to disaster recovery from the effects of tropical storms Fred and Helene.

The Town reports the following non-major governmental funds:

Stormwater Fund. This fund is used to account the Town's stormwater runoff mitigation activities.

Fines and Forfeitures Fund. This fund is used to account for fines and forfeitures that are due to other entities.

Developmental Services Fund. This fund is used to account the Town's planning and building inspection activities.

Grant Fund. This fund is used to account the Town's grants that have specific expenditure requirements.

General Capital Project Fund. This fund is used to account for the construction of major capital projects ongoing within the Town.

The Town reports the following major enterprise fund:

Water Fund. This fund is used to account for the Town's water operations. The non-GAAP budgetary comparison for this fund is included in the supplemental information. This fund also covers acquisition and construction of major water capital facilities and infrastructure, which are accounted for in the Water Capital Project Funds, which is combined with the Water Fund (operating fund) for financial statement purposes. The non-GAAP budgetary comparison for the capital project funds have been included in the supplementary information.

The Town reports the following fiduciary fund type:

Metropolitan Sewerage District Fund. This fund is used to account for the Town's collection and remittance of sewer fees on behalf of MSD.

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues 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 revenues the portion of tap fees intended to recover the cost of connecting new customers to the water 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 financing leases are reported as other financing sources.

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

Sales taxes and certain intergovernmental revenues, such as beer and wine tax, collected and held by the State at year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered shared revenue for the Town because the tax is levied by Buncombe 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 program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

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, Fire Department Fund, Stormwater Fund, Fines and Forfeiture Fund, the Developmental Services Fund and the enterprise funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Grant Fund, Capital Projects Fund, and the Disaster Relief Capital Project Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and at the functional level for the multi-year funds. The Finance Officer is authorized to transfer appropriation within functional areas within the same fund; however, any revisions that alter the total expenditures of any fund must be approved by the governing board. During the year, several amendments to the original budget were made by the governing board.

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

1. Deposits and Investments

All deposits of the Town and ABC Board are made in Board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and ABC Board may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town and ABC Board 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 ABC Board 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 ABC Board's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents. The ABC Board 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/developer deposits are held by the Town before any services are supplied are restricted to the services for which the deposit was collected. Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Unexpended grant proceeds are restricted until such time as applicable grant requirements allow the funds to be spent.

Town of Black Mountain Restricted Cash	
Governmental activities:	
General Fund	
Streets	$ 281,602
Parks and rec	15,016
Developer deposits	130,369
Disaster Relief Capital Project Fund	
Unspent loan proceeds	705,703
Non-major Funds	
Fines and forefeitures	14,015
Unexpended grant proceeds	264,374
Total governmental activities	1,411,079
Business-type activities:	
Water Fund	
Customer deposits	254,748
Total Restricted Cash	$ 1,665,827

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 1st , the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2024. As allowed by state law, the Town periodically establishes a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

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 written off in prior years.

6. Lease Receivable

The Town's lease receivable is measured at the present value of lease payments expected to be received during the lease term.

A deferred inflow of resources is recorded for the lease. The deferred inflow of resources is recorded at the initiation of the lease in an amount equal to the initial recording of the lease receivable. The deferred inflow of resources is amortized on a straight-line basis over the term of the lease.

7. Inventory and Prepaid Items

The inventories of the Town and the ABC Board are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventories of the Town's general fund consists of materials and supplies held for subsequent use. The inventories of the ABC Board consists of products held for subsequent resale. The cost of these inventories is expensed when consumed or sold, respectively, 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.

8. 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 $5,000 for all assets. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of streets and water system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement 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.

The Town's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Town reports a lease (only applies when the Town is the lessee) in accordance with the requirements of GASB 87.

The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

Capital assets are depreciated on a straight-line basis over the following useful lives to the cost of the assets:

Asset Class	Estimated Useful Lives
Infrastructure	50 years
Buildings	40 years
Land improvements	25 years
Building improvements	25 years
Vehicles and motorized equipment	5 years
Equipment and furniture	5 years
Computer equipment and software	3 years

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

Asset Class	Estimated Useful Lives
Furniture and equipment	5-10 years
Building	40 years
Building improvements	10-40 years

9. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources,* represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion: contributions made to pension and OPEB plans in the current year and other pension and OPEB deferrals.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet this criterion: property taxes receivable, other receivables, leases, and pension and OPEB 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. In the fund financial statements for governmental fund types, the face amount of debt issued is reported in other financing sources.

11. Compensated Absences

The Town's vacation policy provides that an employee can accumulate up to sixty days earned vacation leave, with suck leave being fully vested when earned. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements. The Town has assumed a first-in and first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

ABC Board employees may accumulate earned vacation and such leave is fully vested when earned. Accumulated earned vacation as of the fiscal year-end is not considered to be material.

Both the Town's and ABC Board 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 determination of length of service for retirement benefit purposes. In accordance with GASB Statement No. 101 for the Town's government-wide funds, an expense and liability for sick leave is recognized using the "practical expedient approach" allowed by the Standard for the portion of sick leave expected to be used and paid by the Town.

12. Net Position

Net position in government-wide and proprietary fund financial statements are classified as net investment in capital assets, restricted, and unrestricted. Restricted net position represent constraints

on resources that are either externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or imposed by law through State statute.

13. 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:

Non-Spendable 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.

Prepaids – Portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.

Inventory – Portion of fund balance that is not an available resource because it represents the year-end balance of inventory, which are not spendable resources.

Leases – Portion of fund balance that is not an available resource because it represents the year-end balance of the lease receivable in excess of the deferred inflow of resources for the lease receivable, which is not a spendable resource.

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

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

Restricted for capital projects – Portion of fund balance that represents the unspent portion of grant or debt proceeds in the capital project funds.

Restricted for building inspections – Portion of fund balance that is restricted by revenue source for building inspection program expenditures.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority of vote by quorum of the Town of Black Mountain'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 a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Any changes or removal of specific purpose requires a majority action by the Town Council.

Committed for capital projects – Portion of fund balance that represents amounts committed to future capital project spending via ordinances adopted by the Town Council.

Assigned Fund Balance – portion of fund balance that the Town of Black Mountain intends to use for specific purposes. The Town Council has the authority to assign fund balance.

Subsequent year's expenditures – This portion of fund balance is appropriated in next year's budget that is not already classified in restricted or committed.

Unassigned Fund Balance – the portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The Town reports positive unassigned fund balance only in the General Fund. The Town, by resolution, has created a minimum fund balance policy to be no less than 30% of the previous fiscal year's actual expenditures and outgoing transfers, in order to maintain adequate reserves to cover unforeseen revenue shortfalls and to maintain a budget stabilization commitment.

The Town of Black 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 proceeds, federal funds, State funds, local non-Town funds, and Town funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

14. Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make certain estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures at the Statement of Net Position date and reported amounts of revenues and expenses during the reporting period. Estimates are used to determine depreciation expense and allowance for doubtful accounts. Actual results may differ from those estimates.

15. Defined Benefit Pension and OPEB Plans

The Town participates in three cost-sharing, multiple-employer, defined benefit pension plans that are administered by the State; the Local Governmental Employees' Retirement System (LGERS), the Law Enforcement Officers' Special Separation Allowance (LEOSSA), and the Retiree Health Benefits Fund (OPEB). For purposes of measuring the net pension or OPEB asset or liability, deferred outflows of resources and deferred inflows of resources related to defined benefit plans, and pension or OPEB expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from the state-administered defined benefit pension plans' fiduciary net positions have been determined on the same basis as they are reported by the state administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the state-administered defined benefit pension plans.

Note 2 – Stewardship, Compliance, and Accountability

Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2025, expenditures made in the General Capital Project Fund exceeded appropriations approved by the governing board for the Lake Tomahawk Dam project by $18,938. Management and the Board will implement a process to more closely review budget to actual reports to ensure compliance in the future.

Note 3 – Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town and ABC Board 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 agent in the Town'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 Town for the Town, these deposits are considered to be held by the Town's agent in the entity's 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 under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The ABC Board has no formal policy regarding custodial credit risk for deposits.

At June 30, 2025, the Town's deposits had a carrying amount of $2,225,295 and a bank balance of $2,323,629 Of the bank balance, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2025, the Town's petty cash fund totaled $2,750.

The carrying amount of the deposits of the ABC Board was $200,040 and the bank balance was $276,844. Of the ABC Board's bank balance, $276,844 was covered by federal depository insurance. At June 30, 2025, the ABC Board's petty cash fund totaled $1,600.

Reconciliation of cash and cash equivalents:

Reported value of deposits	$ 2,225,295
Petty cash	2,750
Fair value of investments	7,302,585
	$ 9,530,630
Cash and cash equivalents (Statement of Net Position)	$ 7,724,399
Cash and cash equivalents, restricted (Statement of Net Position)	1,665,827
Cash and cash equivalents (Fiduciary Fund)	140,404
	$ 9,530,630

2. Investments

At June 30, 2025, the Town's investments were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/25	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	$ 7,302,585	N/A	AAAm

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

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

Interest Rate Risk. The Town has no formal investment policy regarding interest rate risk.

Credit Risk. The Town has no formal policy regarding credit risk.

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of the failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town has no formal policy on custodial credit risk.

At June 30, 2025, The ABC Board's investments were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/25	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level 1	$ 468,942	N/A	AAAm

3. Receivables - Allowances for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2025 are net of the following allowances for doubtful accounts:

	June 30, 2025
General Fund:	
Allowance for uncollectible property taxes	$ 7,000
Water Fund:	
Allowance for uncollectible accounts	159,270
Total allowance for uncollectible accounts	$ 166,270

4. Due From Other Governments

Due from other governments consisted of the following at June 30, 2025:

Due from Other Governments:	
Local option sales tax	$ 660,552
Utility franchise tax	155,582
DMV accrual	103,430
Fire taxes	102,134
Grants receivable	286,235
Other	102,545
Sales tax refund	194,062
Total	$ 1,604,540

5. Capital Assets

Capital asset activity for governmental activities for the year ended June 30, 2025 was as follows:

	Restated Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 4,237,753	$ -	$ 17,600	$ 4,220,153
Construction in progress	120,176	309,576	-	429,752
Total capital assets not being depreciated	4,357,929	309,576	17,600	4,649,905
Capital assets being depreciated:				
Buildings	7,051,291	12,608	1,008,568	6,055,331
Land improvements	5,901,041	642,693	763,276	5,780,458
Furniture and fixtures	317,511	-	175,980	141,531
Equipment	2,152,843	137,437	567,432	1,722,848
Vehicles	6,546,822	1,183,954	1,372,066	6,358,710
Total capital assets being depreciated	21,969,508	1,976,692	3,887,322	20,058,878
Less accumulated depreciation for:				
Buildings	3,018,944	159,469	462,404	2,716,009
Land improvements	3,507,145	215,054	173,331	3,548,868
Furniture and fixtures	285,092	6,283	169,444	121,931
Equipment	1,543,702	189,473	455,491	1,277,684
Vehicles	3,952,927	555,714	1,189,505	3,319,136
Total accumulated depreciation	12,307,810	1,125,993	2,450,175	10,983,628
Total capital assets being depreciated, net	9,661,698			9,075,250
Capital assets amortized:				
Right-to-use leased asset (equipment)	469,393	381,569	439,719	411,243
Less accumulated amotization for:				
Right-to-use leased asset (equipment)	98,057	84,692	155,557	27,192
Total capital assets being amortized, net	371,336			384,051
Governmental activities capital assets, net	$ 14,390,963			$ 14,109,206

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

General government	$ 92,500
Public safety	454,256
Public works	220,034
Environmental protection	132,466
Cultural and recreational	308,367
Economic and physical development	3,062
Total depreciation/amortization expense	$ 1,210,685

Capital asset activity for business-type activities for the year ended June 30, 2025 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Water Fund				
Capital assets not being depreciated:				
Land	$ 640,645	$ -	$ 17,500	$ 623,145
Construction in progress	1,388,863	352,668	-	1,741,531
Total capital assets not being depreciated	2,029,508	352,668	-	2,364,676
Capital assets being depreciated:				
Land improvements	3,839,124	382,654	146,819	4,074,959
Reservoir and treatment systems	8,770,119	-	764,511	8,005,608
Buildings	656,480	-	552,250	104,230
Equipment	653,132	242,312	352,444	543,000
Vehicles	398,525	187,909	158,375	428,059
Total capital assets being depreciated	14,317,380	812,875	1,974,399	13,155,856
Less accumulated depreciation for:				
Land improvements	1,703,550	156,132	21,576	1,838,106
Reservoir and treatment systems	4,205,924	144,665	423,853	3,926,736
Buildings	103,356	7,732	76,392	34,696
Equipment	416,981	46,674	196,880	266,775
Vehicles	212,365	44,491	158,376	98,480
Total accumulated depreciation	6,642,176	399,694	877,077	6,164,793
Total capital assets being depreciated, net	7,675,204			6,991,063
Business-type activities capital assets, net	$ 9,704,712			$ 9,355,739

Construction Commitments

The Town had no construction commitments at June 30, 2025.

Discretely Presented Component Unit

Capital asset activity for the Black Mountain ABC Board for the period ended June 30, 2025 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	$ 66,737	$ -	$ -	$ 66,737
Total capital assets not being depreciated	66,737	-	-	66,737
Capital assets being depreciated:				
Buildings and improvements	840,140	55,626	115,424	780,342
Equipment	97,249	18,922	31,063	85,108
Total capital assets being depreciated	937,389	74,548	146,487	865,450
Less accumulated depreciation for:				
Buildings and improvements	281,619	19,252	48,378	252,493
Equipment	73,508	7,439	31,063	49,884
Total accumulated depreciation	355,127	26,691	79,441	302,377
Total capital assets being depreciated, net	582,262			563,073
Total capital assets being depreciated, net	$ 648,999			$ 629,810

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2025 were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General Fund	$ 121,973	$ 134,012	$ 255,985
Fire Department Fund	103,500	55,046	158,546
Disaster Relief Capital Project Fund	418,074	-	418,074
Other Non-Major Funds	72,440	-	72,440
Total governmental activities	$ 715,987	$ 189,058	$ 905,045
Business-type Activities:			
Water Fund	118,294	26,341	144,635
Total business-type activities	$ 118,294	$ 26,341	$ 144,635

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town is a participating employer in the State-wide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing 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 and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Black Mountain employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Black Mountain's contractually required contribution rate for the year ended June 30, 2025, was 15.10% of compensation for law enforcement officers and 13.60% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to

the pension plan from the Town of Black Mountain were $909,364 for the year ended June 30, 2025.

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, 2025, the Town reported a liability of $4,887,634 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 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, 2025, the Town's proportion was 0.07250% (measured as of June 30, 2024), which was an increase of 0.00395% from its proportion as of June 30, 2024 (measured as of June 30, 2023). For the year ended June 30, 2025, the Town recognized pension expense of $1,487,277.

At June 30, 2025, 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	$ 856,499	$ 5,759
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	664,471	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	104,681	55,733
Town contributions subsequent to the measurement date	909,364	-
Total	$ 2,535,015	$ 61,492

$909,364 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year ended June 30:
2026	$ 506,352
2027	979,984
2028	152,955
2029	(75,132)
2030	-
Thereafter	-
	$ 1,564,159

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.25 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	33.0%	2.4%
Global equity	38.0%	3.9%
Real estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation protection	6.0%	4.3%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2023 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.25%. All rates of return and inflation are annualized.

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

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	$ 8,661,031	$ 4,887,634	$ 1,783,496

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

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 percent of the annual equivalent

of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2023 (valuation date), the Separation Allowance's membership consisted of:

Retirees receiving benefits	5
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	25
Total	30

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 meet the criteria which are outlined in GASB Statement 73.

3. Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2023 valuation. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.28 percent

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20 Year High Grade Rate Index at December 31, 2023.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

Mortality rates use Pub-2010 amount weighted tables and are projected from 2010 using generational improvement with Scale MP-2019.

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 operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance are financed through investment earnings. The Town paid $97,829 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, 2025, the Town reported a total pension liability of $1,146,223. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of $113,742.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 144,456	$ -
Changes of assumptions	74,045	106,618
Benefit payments subsequent to the measurement date	44,904	-
	$ 263,405	$ 106,618

$44,904 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, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	Year ended June 30:
2026	$ 66,381
2027	34,210
2028	(2,549)
2029	13,516
2030	325
Thereafter	-
	$ 111,883

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 4.28 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total pension liability	$ 1,221,835	$ 1,146,223	$ 1,076,645

Schedule of Changes in Total Pension Liability

		2025
Beginning balance	$	1,152,827
Service cost		42,138
Interest on the total pension liability		44,157
Difference between expected and actual experience		25,477
Change of assumptions		(20,547)
Benefit payments		(97,829)
Ending balance of the total pension liability	$	1,146,223

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 Plan is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina, 27699, 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 five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. The Town made contributions of $88,195 for the reporting year. No amounts were forfeited.

d. Supplemental Retirement Income Plan for Non-Law Enforcement Employees

Plan Description. Effective October of 1992, all non-law enforcement employees of the Town participate in the 401(k) Supplemental Retirement Income Plan of North Carolina. Participation begins when the employee becomes eligible for participation in the Local Governmental Employees Retirement System. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Plan is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina, 27699, or by calling (919)981-5454.

Funding Policy. The Town has elected to contribute each month amount equal to five percent of each general employee's salary. Also, the general employees may make voluntary contributions to the plan. The Town's contributions for the current fiscal year were $242,754. No amounts were forfeited.

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

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

	LGERS	LEOSSA	Total
Pension Expense	$ 1,487,277	$ 113,742	$ 1,601,019
Pension Liability	4,887,634	1,146,223	6,033,857
Proportionate share of the net pension liability	0.07250%	N/A	
Deferred Outflows of Resources:			
Differences between expected and actual experience	856,499	144,456	1,000,955
Changes of assumptions	-	74,045	74,045
Net difference between projected and actual earnings on plan investments	664,471	-	664,471
Changes in proportion and differences between contributions and proportionate share of contributions	104,681	-	104,681
Benefit payments and administrative costs paid subsequent to the measurement date	909,364	44,904	954,268
Deferred Inflows of Resources:			
Differences between expected and actual experience	5,759	-	5,759
Changes of assumptions	-	106,618	106,618
Changes in proportion and differences between contributions and proportionate share of contributions	55,733	-	55,733

3. Post-Employment Healthcare Benefits

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

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

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

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

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

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2022. RHBF's benefit and contribution provisions are established by Chapter 135-7, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state—supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Town contributed 7.10% of covered payroll which amounted to $467,387.

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

At June 30, 2025, Town reported a liability of $9,412,450 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. The total OPEB liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the

net OPEB liability was based on a projection of the Town's present value of future salary, actuarially determined. At June 30, 2025, the Town's proportion was 0.02767% (as measured at June 30, 2024), an increase of .00155% from the prior year (as measured at June 30, 2023).

For the year ended June 30, 2024, the Town recognized OPEB expense of $470,341. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 76,717	$ -
Changes of assumptions	2,266,901	1,227,191
Net difference between projected and actual earnings on pension plan investments	40,334	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	842,014	-
Town contributions subsequent to the measurement date	467,387	-
Total	$ 3,693,353	$ 1,227,191

$467,387 reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2026. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

	Year ended June 30:
2026	$ 263,656
2027	506,655
2028	689,106
2029	539,358
2030	-
Thereafter	-
	$ 1,998,775

Actuarial Assumptions. Actuarial assumptions for the June 30, 2024 measurement date were as follows:

Inflation	2.50%
Salary increases	3.25% to 8.05%
Investment rate of return	6.5%, net of OPEB plan investment expense, including inflation
Health care cost trends:	medical 6.0% decreasing to 5.0% by 2026 prescription drug 9.50% decreasing to 5.0% by 2030 administrative 3.00%

The total OPEB liability was determined by an actuarial valuation performed as of December 31, 2023 using the following actuarial assumptions, applied to all periods in the measurement, unless otherwise specified. The total OPEB liability was calculated through the use of update procedures to roll forward from the actuarial valuation date to the measurement date of June 30, 2024. The update procedures incorporated the actuarial assumptions used in the valuation. The entry age normal cost method was utilized.

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

The actuarial assumptions were based on the results of an actuarial experience review for the period January 1, 2015 through December 31, 2019.

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

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Fixed income	33.0%	2.4%
Global equity	38.0%	3.9%
Real estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation protection	6.0%	4.3%
Total	100%	

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.93%. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.93% was used as the discount rate used to measure the total OPEB liability. The 3.93% rate is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2024.

Sensitivity of the Board's proportionate share of the net OPEB liability to changes in the discount rate. The following presents the Board's proportionate share of the net OPEB liability, as well as what the District's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.93 percent) or 1-percentage point higher (4.93 percent) than the current discount rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB liability	$ 11,198,380	$ 9,412,450	$ 7,978,505

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

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

	1% Decrease in Trend Rates	Current Trend Rates (6.5% Medical, 7.00% Rx, 3.00 Admin Expenses)	1% Increase in Trend Rates
Net OPEB liability	$ 7,769,302	$ 9,412,450	$ 11,540,007

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

4. Other Employment Benefits

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employee's Retirement System (Death Benefit Plan), a multi-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 benefits payments to beneficiaries are equal to the employees 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50,000 or be less than $25,000. Since all death benefit payments are made from 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 annual by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers post-employment contributions to be immaterial.

5. Deferred Outflows and Inflows of Resources

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

Deferred Outflows	
Contributions to the pension plan in the current fiscal year	$ 909,364
Benefit payments for LEOSSA made subsequent to the measurement date	44,904
Benefit payments and administrative expenses for OPEB made subsequent to the measurement date	467,387
Differences between expected and actual experience	1,077,672
Changes of assumptions	2,340,946
Net differences between projected and actual earnings on plan investments	704,805
Changes in proportion and differences between Town contributions and proportionate share of contributions	946,695
	$ 6,491,773

Deferred Inflows Source	Statement of Net Position	Governmental funds Balance Sheet
Taxes receivable	$ -	$ 30,875
Other receivable - grant funds	-	127,388
Lease receivable	79,214	79,214
Differences between expected and actual experience	5,759	-
Changes of assumptions	1,333,809	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	55,733	-
	$ 1,474,515	$ 237,477

6. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damages to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town secures insurance coverage for these risks from several commercial insurance companies. The Town's insurance coverage includes: (1) general liability, $13 million; (2) fire coverage on buildings at estimated replacement costs and up to $5 million for flood and earthquake; (3) errors and omissions liability, $13 million; (4) auto liability, $13 million and (5) public officials liability, $13 million. Various deductibles apply to coverage amounts. In addition, the Town secures workers' compensation coverage up to the statutory limits and an employer' liability limit of $1 million. All of these coverages, except for worker's compensation which is purchased through the North Carolina Interlocal Risk Management Agency, are secured through commercial insurance companies.

There has been no significant reductions in the Town's insurance coverage in the prior year; settled claims have not exceeded coverage in the past three fiscal years.

In accordance with G.S. 159-29, the Town's employees that have access to $100 or more of the Town's funds at any given time are performance bonded through a commercial surety bond. The finance officer is bonded for $1,000,000 and the tax collector is bonded for $50,000. The remaining employees that have access to funds are bonded under a blanket employee dishonesty bond for $25,000.

7. Long-Term Obligations

Leases

At June 30, 2025, the Town had 2 active equipment leases, both reported in the government-wide statements. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the lease. Lease terms are for 30-60 months and monthly lease payments range from $503 to $8,757. There are no variable components of the leases. Due to Hurricane Helene, the Town's previous equipment lease for their golf equipment was terminated as a result of the equipment being damaged, insurance covered the lease pay off with an excess of $7,935, which is included in the gain on insurance recoveries. During the fiscal year ending June 30, 2025, the Town entered into a lease for replacement equipment. The related lease liabilities are measured at a discount rates ranging from 1.04% to 5.81%, which is management's estimate of the incremental borrowing rate of the Town. As a result of the leases, the Town has recorded a liability of $387,571 for governmental activities at June 30, 2025. The related right to use assets have a total net book value of $384,051.

The future minimum lease obligation and net present value of these minimum lease payments are as follows:

Year ending	Governmental Activities	
June 30	Principal	Interest
2026	$ 63,757	$ 16,210
2027	75,513	13,202
2028	79,030	9,686
2029	82,710	6,005
2030	86,561	2,153
	$ 387,571	$ 47,256

NC DST Cash Flow Loan

In April 2025, the Town entered into a cashflow loan agreement with the State of North Carolina through the Department of State Treasurer under the Disaster Recovery Act of 2024. The agreement provides a principal-only loan of $705,703 to fund disaster response activities related to Hurricane Helene. The loan bears no interest or administrative fees and is scheduled for repayment as follows: $1 by the first anniversary of the loan date; 10% on June 30, 2027; 20% on June 30, 2028; 30% on June 30, 2029; and the remaining 40% (less $1) on the earlier of the fifth anniversary or June 30, 2030. Loan proceeds are to be repaid earlier if the Town receive reimbursement from federal disaster assistance or insurance proceeds. Subsequent to June 30, 2025 the Town entered into two additional cashflow loan agreements, see Note 9 for more detail.

Installment Purchases

The Town has various direct borrowing installment notes outstanding for buildings, equipment, and vehicle financing arrangements. The outstanding notes from direct borrowings include a provision that in an event of default, outstanding amounts become immediately due and payable if the Town is unable to make payments. The notes issued below are all secured by the underlying equipment or improvements acquired through the financing.

Governmental activities

A note issued for $2,100,000 was issued in June 2012 with annual payments of $126,000, plus interest, for the acquisition and construction of the Town Square. The note bears an interest rate of 3.07% and matures in 2027.	$	252,000
A note issued for $700,000 was issued in March 2021 with annual payments of $63,636, plus interest, for the acquisition of a building. The note bears an interest rate of 2.03% and matures in 2032.		222,728
A note issued for $194,000 was issued in October 2024 with annual payments of $54,607, including interest, for the acquisition of police vehicles. The note bears an interest rate of 4.88% and matures in 2029.		194,000
A note issued for $624,000 was issued in August 2020 with annual payments of $94,975, including interest, for the acquisition of sanitation vehicles and equipment. The note bears an interest rate of 1.61% and matures in 2028.		266,149
A note issued for $580,000 was issued in August 2022 with annual payments of $155,998, including interest, for the acquisition of police vehicles and equipment. The note bears an interest rate of 2.99% and matures in 2027.		298,541
A note issued for $400,000 was issued in February 2024 with annual payments of $54,235, including interest, for the acquisition of a fire truck. The note bears an interest rate of 6.010% and matures in 2034.		367,396
A note issued for $237,778 was issued in February 2024 with annual payments of $67,158, including interest, for the acquisition of police vehicles. The note bears an interest rate of 6.010% and matures in 2028.		179,878
A note issued for $245,000 was issued in November 2020 with annual payments of $37,580, including interest, for the acquisition of sanitation rear loaders and a truck. The note bears an interest rate of 1.81% and matures in 2028.		108,790
	$	1,889,482

Business-type activities

A note for $782,795 was issued in June 2016 with annual payments of $89,858 for the refinancing of a water revolving loan. The note bears an interest rate of 2.59% and matures in 2026.	$ 87,590
A note issued for $700,000 was issued in March 2021 with annual payments of $63,636, plus interest, for the acquisition of a building. The note bears an interest rate of 2.03% and matures in 2032.	222,727
	$ 310,317

Annual debt service for installment notes are as follows:

Year ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	$ 564,557	$ 70,071	$ 119,409	$ 6,791
2027	578,710	51,406	31,818	3,876
2028	300,964	32,008	31,818	3,230
2029	121,916	21,328	31,818	2,584
2030	72,168	15,824	31,818	1,938
2031-2035	251,167	31,085	63,636	1,938
	$ 1,889,482	$ 221,722	$ 310,317	$ 20,357

Direct Placement Revolving Loan:

Governmental activities

In June 2011, the Town entered into a direct borrowing agreement with the North Carolina Department of Environmental Quality for a loan in the amount of $188,542 from the Clean Water State Revolving Fund. The proceeds of the loan were used for stormwater runoff mitigation improvements. Principal installments are due annually on May 1. The loan is secured with pledged revenues from the water system. The loan bears a zero percent interest rate and matures in 2030.	$ 47,136

Business-type activities

In June 2010, the Town entered into a direct borrowing agreement with the North Carolina Department of Environmental Quality for a loan in the amount of $974,345 from the Clean Water State Revolving Fund. The proceeds of the loan were used for water system improvements. Principal installments are due annually on May 1 with semiannual interest payments due on November 1 and May 1. The loan is secured with pledged revenues from the water system. The loan bears an interest rate of 2.22%. The loan matures in 2031.	$ 292,303

Annual debt service requirements for revolving loans are as follows:

Year ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2026	$ 9,427	$ -	$ 48,717	$ 6,489
2027	9,427	-	48,717	5,408
2028	9,427	-	48,717	5,326
2029	9,427	-	48,717	3,245
2030	9,428	-	48,717	3,245
2031-2035	-	-	48,718	1,082
	$ 47,136	$ -	$ 292,303	$ 24,795

At June 30, 2025, the Town had a legal debt margin of approximately $139,000,000.

Changes in Long-Term Liabilities

A summary of all long-term obligations presented in the government-wide Statement of Activities is as follows:

	Restated July 1, 2024	Increase	Decrease	June 30, 2025	Current Portion
Governmental Activities:					
Installment purchases	$ 2,261,255	$ 194,000	$ 565,773	$ 1,889,482	$ 564,557
Revolving loans	56,563	-	9,427	47,136	9,427
NC DST Cash Flow Loan	-	705,703	-	705,703	1
Lease liabilities	393,126	381,569	387,124	387,571	63,757
Total pension obligation (LEOSSA)	1,152,827	-	6,604	1,146,223	-
Net pension obligation (LGERS)	4,090,317	308,554	-	4,398,871	-
Net OPEB obligation	6,396,987	2,074,218	-	8,471,205	-
Compensated absences	625,348	69,922	-	695,270	417,000
Governmental activity long-term liabilities	$ 14,976,423	$ 3,733,966	$ 968,928	$ 17,741,461	$ 1,054,742
Business-type Activities:					
Installment purchases	$ 427,512	$ -	$ 117,195	$ 310,317	$ 119,409
Revolving loans	341,020	-	48,717	292,303	48,717
Net pension obligation (LGERS)	450,008	38,755	-	488,763	-
Net OPEB obligation	562,757	378,488	-	941,245	-
Compensated absences	2,114	1,331	-	3,445	3,445
Business-type activity long-term liabilities	$ 1,783,411	$ 418,574	$ 165,912	$ 2,036,073	$ 171,571

Compensated absences are accounted for on a FIFO basis and have historically been liquidated in the general fund. Pension and OPEB liabilities have historically been liquidated in the general fund.

8. Interfund Balances and Activity:

Amounts transferred to and from the General Fund during the fiscal year ending June 30, 2025 consisted of:

To the Fire Department Fund to cover operating costs	$ (1,550,000)
To the Developmental Services Fund to cover operating costs	(450,000)
To the Disaster Relief Capital Project Fund to advance expected grant funding	(2,105,738)
To the Water Capital Project Fund to advance expected grant funding	(355,262)
From the General Capital Projects Fund to close out projects	726,474
To the Grant Fund for Town's contribution to grant funded projects	(164,160)
Total	$ (3,898,686)

9. Net Investment in Capital Assets

Net investment in capital assets as of June 30, 2025 is calculated as follows:

	Governmental	Business-Type
Capital assets	$ 14,109,206	$ 9,355,739
Less: Long-term debt	(2,324,189)	(602,620)
Net investment in capital assets	$ 11,785,017	$ 8,753,119

Note 3 – Summary Disclosure of Significant Contingencies

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

Note 4 – Fund Balance

The Town Council has designated the minimum unassigned General Fund balance to be maintained at 30% of General Fund expenditures. This fund balance policy is to provide continued financial stability to the government. An adequate unreserved fund balance ensures consistent cash flow, generates interest income, eliminates the need for short term borrowings and provides flexibility for unanticipated opportunities and needs during emergencies. 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	$ 4,440,127
Less:	
Nonspendable:	
Inventories	12,700
Prepaid items	104,539
Leases	507
Restricted for:	
Stabilization by State statute	1,262,484
Streets - Powell Bill	281,602
Committed:	
Capital reserve fund	405,000
Assigned:	
Appropriated fund balance in 2026 budget	415,950
Unassigned:	
Working capital/fund balance policy - minimum	3,235,044
Remaining fund balance (deficit)	$ (1,277,699)

Outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end. There were no encumbrances in the General Fund at June 30, 2025.

Note 5 – Joint Venture

The Town and the members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund is funded by a portion of the fire and lightning insurance premiums that insurers remit to the State. The State passes these moneys to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The Town of Black Mountain receives no financial benefit and has no equity interest in the joint venture, so no equity has been reflected in these financial statements at June 30, 2025. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files an annual financial report with the State Firemen's Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

Note 6 – Prior Period Adjustments

The Town had multiple restatements/prior period adjustments during the fiscal year ended June 30, 2025.

The Town implemented GASB Statement No. 101, Compensated Absences in the current fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of this Statement required a prior period adjustment to reduce governmental activities net position by $122,629 to record the estimated liability for sick leave at June 30, 2024.

As of July 1, 2024 the Town began budgeting and recording the activity for the Golf Fund as a department within the General Fund. As a result, net position of governmental activities and business-type activities were restated by $518,994, the net asset that was transferred from the Golf Fund. The net working capital of the golf fund in the amount of $239,633 is also shown as a restatement in the general fund.

Note 7 – Restatements of Beginning Balances – Change in Major Funds

Due to the damages from Hurricane Helene, there was increase in expenditures in the Disaster Relief Capital Project Fund relative to the previous year. Therefore, the Disaster Relief Capital Project Fund meets the quantitative threshold that would require it to be reported as a major governmental fund. Due to an increase in expenditures in other funds, the General Capital Project Fund no longer meets the quantitative threshold that would require it to be reported as a major governmental fund. The effect of the change within the financial reporting entity is summarized below in the following table:

	Fund balance, 6/30/24, as previously reported	Adjustments	Fund balance, 6/30/24, as adjusted
Major funds:			
General Fund	$ 7,053,111	$ -	$ 7,053,111
Fire Department Fund	106,971	-	106,971
General Capital Project Fund	1,511,405	(1,511,405)	-
Disaster Relief Capital Project Fund	-	37,721	37,721
Non major funds	364,440	1,473,684	1,838,124
Total governmental funds	$ 9,035,927	$ -	$ 9,035,927

Note 8 – Extraordinary Item – Hurricane Helene Repairs

In September 2024, Western North Carolina was severely impacted by Hurricane Helene leading to a Federal disaster area declaration which included the Town of Black Mountain, as well as all surrounding counties and municipalities. Because it is unusual for a non-coastal area to have severe damage from the effects of a Hurricane and the event was not under the control of management, these financial statements include an extraordinary item for repairs related to Hurricane Helene in the amount of $4,047,821. The most significant of these costs were for debris removal from streets and waterways, water system repairs, emergency repairs at Town buildings and for Town equipment and vehicles. Management does not believe any of these repairs involve a temporary or permanent impairment to any capital asset.

Due to Hurricane Helene, the Town also received a significant amount of insurance proceeds for damaged property, which consisted of equipment, vehicles, and buildings. The amount of insurance proceeds in excess of the net book value of the lost assets is included as an extraordinary item and shown as a gain of $1,316,137.

Note 9 – Subsequent Events

In June and September 2025, the Town of Black Mountain entered into additional cashflow loan agreements with the State of North Carolina through the Department of State Treasurer under the Disaster Recovery Act of 2024. The Town did not receive the funds until fiscal year 2026. The agreements provide principal only loans of $465,661 and $1,233,911, respectively, to fund disaster response activities related to Hurricane Helene. The loans bear no interest or administrative fees and are scheduled for repayment as follows: $1 by the first anniversary of the loan date; 10% on June 30, 2027; 20% on June 30, 2028; 30% on June 30, 2029; and the remaining 40% (less $1) on the earlier of the fifth anniversary or June 30, 2030. Loan proceeds are to be repaid earlier if the Town receives reimbursement from federal disaster assistance or insurance proceeds.

Additionally, in November 2024 the Town was awarded a $3,000,000 bridge loan via NCDEQ for emergency funding related to Hurricane Helene. A modification to the offer occurred in December 2024 to include an additional $200,000 as a technical grant in addition to the $3,000,000 loan. During the fiscal year ended June 30, 2025 there were no draw downs on the loan. Subsequent to year end, in October 2025 the Town submitted a request for $831,710 from the loan and the funds were received in December 2025.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS

Schedule of Changes in Total Pension Liability

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Beginning balance	$ 1,152,827	$ 1,089,743	$ 1,225,448	$ 1,117,171	$ 806,047	$ 725,721	$ 680,380	$ 617,615	$ 622,334
Changes for the year:									
Service cost at end of year	42,138	35,003	43,158	42,186	28,966	25,016	22,841	18,731	22,710
Interest	44,157	44,860	26,472	20,752	25,483	25,446	20,573	22,626	21,577
Change in benefit terms	-	-	-	-	-	-	-	-	-
Difference between expected and actual experience	25,477	58,398	56,444	156,567	35,466	62,668	84,490	51,299	-
Changes of assumptions and other inputs	(20,547)	22,652	(163,950)	(27,383)	269,925	20,484	(23,919)	32,985	(13,136)
Benefit payments	(97,829)	(97,829)	(97,829)	(83,845)	(48,716)	(53,288)	(58,644)	(62,876)	(35,870)
Other	-	-	-	-	-	-	-	-	-
Net changes	(6,604)	63,084	(135,705)	108,277	311,124	80,326	45,341	62,765	(4,719)
Ending balance of the total pension liability	$ 1,146,223	$ 1,152,827	$ 1,089,743	$ 1,225,448	$ 1,117,171	$ 806,047	$ 725,721	$ 680,380	$ 617,615

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

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Total Pension Liability	$ 1,146,223	$ 1,152,827	$ 1,089,743	$ 1,225,448	$ 1,117,171	$ 806,047	$ 725,721	$ 680,380	$ 617,615
Covered Payroll	1,493,477	1,306,248	1,084,753	948,967	1,057,257	974,085	841,967	793,755	870,676
Total pension liability as a percentage of covered payroll	76.75%	88.25%	100.46%	129.13%	105.67%	82.75%	86.19%	85.72%	70.94%

Notes to the schedule:
The Town of Black Mountain has no assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement 73 to pay related benefits.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

TOWN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS *

Local Government Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's proportionate share of the net pension liability (asset) (%)	0.07250%	0.06855%	0.06390%	0.05774%	0.06036%	0.05846%	0.06259%	0.06341%	0.06118%	0.06448%
Town's proportion of the net pension liability (asset) ($)	$ 4,887,634	$ 4,540,325	$ 3,604,872	$ 885,498	$ 2,156,920	$ 1,596,497	$ 1,484,849	$ 968,729	$ 1,298,446	$ 289,384
Town's covered payroll	5,900,983	4,954,032	4,293,116	3,879,880	3,760,967	3,605,449	3,519,343	3,481,154	3,231,703	3,130,403
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	82.83%	91.65%	83.97%	22.82%	57.35%	44.28%	42.19%	27.83%	40.18%	9.24%
Plan fiduciary net position as a percentage of the total pension liability **	83.30%	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

SCHEDULE OF TOWN'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

Local Government Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 909,364	$ 783,431	$ 605,218	$ 480,881	$ 394,947	$ 348,731	$ 285,191	$ 267,003	$ 253,360	$ 219,788
Contribution in relation to the contractually required contribution	909,364	783,431	605,218	480,881	394,947	348,731	285,191	267,003	253,360	219,788
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Town's covered payroll	$ 6,581,115	$ 5,900,983	$ 4,954,032	$ 4,293,116	$ 3,879,880	$ 3,760,967	$ 3,605,449	$ 3,519,343	$ 3,481,154	$ 3,231,703
Contributions as a percentage of covered payroll	13.82%	13.28%	12.22%	11.20%	10.18%	9.27%	7.91%	7.59%	7.28%	6.80%

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

TOWN'S PROPORTIONATE SHARE OF NET OPEB LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS *

Retiree Health Benefit Fund

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Town's proportionate share of the net OPEB liability (%)	0.02767%	0.02612%	0.02575%	0.02396%	0.02292%	0.02267%	0.02186%	0.02320%	0.02039%
Town's proportion of the net OPEB liability ($)	$ 9,412,450	$ 6,959,744	$ 6,115,012	$ 7,408,270	$ 6,358,836	$ 7,174,024	$ 6,227,776	$ 7,606,034	$ 8,868,324
Town's covered-employee payroll	5,900,983	4,954,032	4,293,116	3,879,880	3,760,968	3,605,449	3,519,343	3,481,154	3,231,703
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	159.51%	140.49%	142.44%	190.94%	169.07%	198.98%	176.96%	218.49%	274.42%
Plan fiduciary net position as a percentage of the total OPEB liability **	9.79%	10.73%	10.58%	7.72%	6.92%	4.40%	4.40%	3.52%	2.41%

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

** This will be the same percentage for all participant employers in the Retiree Health Benefit Fund.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

SCHEDULE OF TOWN'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST NINE FISCAL YEARS

Retiree Health Benefit Fund

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 467,387	$ 403,604	$ 344,624	$ 283,020	$ 245,338	$ 240,927	$ 225,443	$ 211,619	$ 199,971
Contribution in relation to the contractually required contribution	467,387	403,604	344,624	283,020	245,338	240,927	225,443	211,619	199,971
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Town's covered-employee payroll	$ 6,581,115	$ 5,900,983	$ 4,954,032	$ 4,293,116	$ 3,879,880	$ 3,760,968	$ 3,605,449	$ 3,519,343	$ 3,481,154
Contributions as a percentage of covered payroll	7.10%	6.84%	6.96%	6.59%	6.32%	6.41%	6.25%	6.01%	5.74%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

GENERAL FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2025

	Final Budget	**Actual**	Variance Positive (Negative)
Revenues:			
Ad Valorem Taxes:			
Current year taxes	$ 5,300,000	**$ 5,310,613**	$ 10,613
DMV taxes	290,000	**383,667**	93,667
Penalties and interest	10,000	**14,139**	4,139
	5,600,000	**5,708,419**	108,419
Other Taxes and Licenses:			
Local option sales taxes	2,585,000	**2,528,975**	(56,025)
Business registration fees	2,000	**1,992**	(8)
Automobile licenses	47,400	**42,234**	(5,166)
	2,634,400	**2,573,201**	(61,199)
Unrestricted Intergovernmental:			
Utilities sales tax	655,000	**736,227**	81,227
Beer and wine tax	39,000	**34,240**	(4,760)
ABC profit distribution	280,500	**165,000**	(115,500)
	974,500	**935,467**	(39,033)
Restricted Intergovernmental:			
Powell Bill allocation	280,000	**310,778**	30,778
ABC revenue for law enforcement	32,000	**21,000**	(11,000)
Solid waste disposal tax	7,500	**6,609**	(891)
Controlled substances tax	-	**3,602**	3,602
Other federal and state grants	10,980	**10,980**	-
	330,480	**352,969**	22,489
Sales and Services:			
Rents	97,860	**37,368**	(60,492)
Special event permits	5,000	**727**	(4,273)
Lease revenue	-	**38,023**	38,023
Waste reduction fees	248,500	**248,744**	244
Recreation admissions and concessions	1,185,000	**575,976**	(609,024)
	1,536,360	**900,838**	(635,522)
Miscellaneous	141,430	**148,197**	6,767
Investment Earnings	317,800	**271,032**	(46,768)
Total revenues	11,534,970	10,890,123	(644,847)
Expenditures:			
General Government:			
Governing Board:			
Salaries and employee benefits		**44,059**	
Other departmental expenses		**147,597**	
Total governing board	228,500	**191,656**	36,844

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

GENERAL FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2025

	Final Budget	**Actual**	Variance Positive (Negative)
Administration:			
Salaries and employee benefits		**349,290**	
Operating expenses		**123,026**	
Total administration	536,850	**472,316**	64,534
Human Resources:			
Salaries and employee benefits		**90,894**	
Operating expenses		**338,860**	
Total human resources	453,460	**429,754**	23,706
Finance:			
Salaries and employee benefits		**163,858**	
Operating expenses		**217,733**	
Total finance	414,090	**381,591**	32,499
Information Technology:			
Operating expenses		**259,608**	
Capital outlay		**51,883**	
Total information technology	373,000	**311,491**	61,509
Total general government	2,005,900	**1,786,808**	219,092
Public Safety:			
Police Department:			
Salaries and employee benefits		**2,660,203**	
Operating expenses		**613,530**	
Capital outlay		**249,883**	
Total public safety	3,728,307	**3,523,616**	204,691
Public Works:			
Public Works Administration:			
Salaries and employee benefits		**146,518**	
Operating expenses		**44,519**	
Total public works administration	252,860	**191,037**	61,823
Buildings and Grounds:			
Salaries and employee benefits		**91,255**	
Other operating expenses		**262,478**	
Capital outlay		**3,364**	
Total buildings and grounds	459,460	**357,097**	102,363
Powell Bill:			
Other operating expenses		**241,503**	
Total streets	385,500	**241,503**	143,997
Street Repair and Construction:			
Salaries and employee benefits		**369,412**	
Other operating expenses		**349,997**	
Capital outlay		**312,754**	
Total street repair and construction	1,132,150	**1,032,163**	99,987
Total public works	2,229,970	**1,821,800**	408,170

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

GENERAL FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2025

	Final Budget	**Actual**	Variance Positive (Negative)
Environmental Protection:			
Salaries and employee benefits		**592,105**	
Other operating expenses		**78,699**	
Tipping fees		**214,730**	
Total environmental protection	1,002,490	**885,534**	116,956
Culture and Recreation:			
Parks and Recreation:			
Salaries and employee benefits		**660,634**	
Other operating expenses		**204,601**	
Total parks and recreation	1,087,128	**865,235**	221,893
Golf Course:			
Salaries and employee benefits		**334,686**	
Other operating expenses		**208,585**	
Capital outlay		**381,668**	
Total golf course	565,216	**924,939**	(359,723)
Total culture and recreation	1,652,344	**1,790,174**	(137,830)
Debt Service:			
Principal retirement		**922,815**	
Interest and fees		**52,734**	
Total debt service	976,174	**975,549**	625
Total expenditures	11,595,185	**10,783,481**	811,704
Revenues over (under) expenditures	(60,215)	**106,642**	166,857
Other financing sources (uses):			
Appropriated fund balance	4,297,830	**-**	(4,297,830)
Proceeds from sale of capital assets	-	**3,011**	3,011
Insurance proceeds	68,216	**360,847**	292,631
Issuance of debt	194,000	**575,569**	381,569
Transfers to other funds	(5,041,145)	**(4,461,000)**	580,145
Transfers from other funds	541,314	**562,314**	21,000
Total other financing sources (uses)	60,215	**(2,959,259)**	(3,019,474)
Revenues and other sources under expenditures and other uses	$ -	**(2,852,617)**	$ (2,852,617)
Fund balance, beginning of year, as previously stated		**6,648,111**	
Restatement (Note 6)		**239,633**	
Fund balance, beginning of year, as restated		**6,887,744**	
Fund balance, end of year		**$ 4,035,127**	

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

CAPITAL RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2025

	Final Budget	**Actual**	Variance Positive (Negative)
Other financing uses:			
Transfer to general fund	$ -	**$ -**	$ -
Fund balance, beginning of year		**405,000**	
Fund balance, end of year		**$ 405,000**	

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

DISASTER RELIEF CAPITAL PROJECT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
From inception and for the year ended June 30, 2025

		Actual through June 30, 2025			
	Project Authorization	Reported in Prior Years	**Current Year**	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	$ 1,382,675	$ 313,311	**$ 901,264**	$ 1,214,575	$ (168,100)
Miscellaneous	67,000	-	**68,475**	68,475	1,475
Total revenues	1,449,675	313,311	**969,739**	1,283,050	(166,625)
Expenditures:					
Veteran's Park river restoration damage	449,909	255,253	**26,556**	281,809	168,100
Hurricane Helene	8,343,089	-	**4,217,578**	4,217,578	4,125,511
Golf cart bridge	21,000	20,337	**-**	20,337	663
Flat Creek greenway	51,100	-	**-**	-	51,100
Total expenditures	8,865,098	275,590	**4,244,134**	4,519,724	4,345,374
Revenues over (under) expenditures	(7,415,423)	37,721	**(3,274,395)**	(3,236,674)	4,178,749
Other financing sources (uses):					
Insurance proceeds	3,778,559	-	**2,493,332**	2,493,332	(1,285,227)
Issuance of long-term obligations	1,171,364	-	**705,703**	705,703	(465,661)
Transfer from general fund	2,465,500	-	**2,105,738**	2,105,738	(359,762)
Total other financing sources (uses)	7,415,423	-	**5,304,773**	5,304,773	(2,110,650)
Revenues and other financing sources over expenditures and other uses	$ -	$ 37,721	**2,030,378**	$ 2,068,099	$ 2,068,099
Fund balance, beginning of year			**37,721**		
Fund balance, end of year			**$ 2,068,099**		

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

NON-MAJOR GOVERNMENTAL FUNDS
Combining Balance Sheet
June 30, 2025

	Special Revenue Funds					
	Stormwater Fund	Fines and Forefeitures Fund	Developmental Services Fund	Grant Fund	General Capital Project Fund	Total Non-major Governmental Funds
ASSETS						
Cash and cash equivalents	$ 509,047	$ -	$ 95,534	$ -	$ 710,413	$ 1,314,994
Restricted cash and cash equivalents	-	14,015	-	264,374	-	278,389
Prepaid expenses	425	-	110	-	-	535
Accounts receivable	57,044	-	-	-	-	57,044
Total assets	$ 566,516	$ 14,015	$ 95,644	$ 264,374	$ 710,413	$ 1,650,962
LIABILITIES						
Accounts payable and accrued expenses	$ 11,759	$ 14,015	$ 30,716	$ 15,950	$ -	$ 72,440
Developer deposits	-	-	6,154	-	-	6,154
Total liabilities	11,759	14,015	36,870	15,950	-	78,594
FUND BALANCES						
Restricted for:						
Stabilization by State statute	57,044	-	-	-	-	57,044
Capital projects	-	-	-	248,424	710,413	958,837
Building inspections	-	-	58,774	-	-	58,774
Committed for stormwater management	497,713	-	-	-	-	497,713
Total fund balances	554,757	-	58,774	248,424	710,413	1,572,368
Total liabilities and fund balances	$ 566,516	$ 14,015	$ 95,644	$ 264,374	$ 710,413	$ 1,650,962

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

NON-MAJOR GOVERNMENTAL FUNDS
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances
For the year ended June 30, 2025

	Special Revenue Funds						
	Stormwater Fund	Fines and Forefeitures Fund	Developmental Services Fund	Grant Fund	General Capital Project Fund	Disaster Relief Capital Project Fund	Total Non-major Governmental Funds
REVENUES							
Restricted intergovernmental	$ 75,000	$ -	$ -	$ 323,650	$ 229,541	$ -	$ 628,191
Permits and fees	374,054	2,610	217,020	-	-	-	593,684
Investment earnings	19,617	-	1,428	-	-	-	21,045
Miscellaneous	-	-	-	49,991	-	-	49,991
Total revenues	468,671	2,610	218,448	373,641	229,541	-	1,292,911
EXPENDITURES							
General government	-	2,610	-	32,092	-	-	34,702
Public safety	-	-	662,574	-	-	-	662,574
Public works	244,351	-	-	191,200	46,366	-	481,917
Capital outlay	-	-	-	-	257,693	-	257,693
Debt service:							
Principal retirement	9,427	-	-	-	-	-	9,427
Total expenditures	253,778	2,610	662,574	223,292	304,059	-	1,446,313
Revenues over (under) expenditures	214,893	-	(444,126)	150,349	(74,518)	-	(153,402)
Other financing sources (uses):							
Transfer to other funds	-	-	-	-	(726,474)	-	(726,474)
Transfer from other funds	-	-	450,000	164,160	-	-	614,160
Total other financing sources (uses)	-	-	450,000	164,160	(726,474)	-	(112,314)
Net change in fund balances	214,893	-	5,874	314,509	(800,992)	-	(265,716)
Fund balance (deficit), beginning of year, as previously stated	339,864	-	52,900	(66,085)	-	37,721	364,400
Restatement (Note 7)	-	-	-	-	1,511,405	(37,721)	1,473,684
Fund balance, beginning of year	339,864	-	52,900	(66,085)	1,511,405	-	1,838,084
Fund balances, end of year	$ 554,757	$ -	$ 58,774	$ 248,424	$ 710,413	$ -	$ 1,572,368

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

STORMWATER FUND
Schedule of Revenues and Expenditures - Budget and Actual
For the year ended June 30, 2025

	Budget	**Actual**	Variance Positive (Negative)
Revenues:			
Permits and fees	$ 372,980	**$ 374,054**	$ 1,074
Restricted intergovernmental	75,000	**75,000**	-
Investment earnings	14,000	**19,617**	5,617
Total revenues	461,980	**468,671**	6,691
Expenditures:			
Salaries and employee benefits		**221,183**	
Other departmental expenses		**23,168**	
Total stormwater	557,480	**244,351**	313,129
Debt service:			
Principal retirement	9,500	**9,427**	73
Total expenditures	566,980	**253,778**	313,202
Revenues over (under) expenditures	(105,000)	**214,893**	319,893
Other financing sources:			
Transfer from other funds	21,000	**-**	(21,000)
Fund balance appropriated	84,000	**-**	(84,000)
Total other financing uses	105,000	**-**	(105,000)
Net change in fund balance	$ -	**214,893**	$ 214,893
Fund balance, beginning of year		**339,864**	
Fund balance, end of year		**$ 554,757**	

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

FINES AND FORFEITURE FUND
Schedule of Revenues and Expenditures - Budget and Actual
For the year ended June 30, 2025

	Budget	**Actual**	Variance Positive (Negative)
Revenues:			
Fines and forfeitures	$ 2,500	**$ 2,610**	$ 110
Expenditures:			
General Government:	2,500	**2,610**	(110)
Net change in fund balance	$ -	**-**	$ -
Fund balance, beginning of year		**-**	
Fund balance, end of year		$ -	

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

DEVELOPMENTAL SERVICES FUND
Schedule of Revenues and Expenditures - Budget and Actual
For the year ended June 30, 2025

	Budget	**Actual**	Variance Positive (Negative)
Revenues:			
Permits and fees	$ 80,100	**$ 217,020**	$ 136,920
Investment earnings	4,800	**1,428**	(3,372)
Miscellaneous	4,000	**-**	(4,000)
Total revenues	88,900	**218,448**	129,548
Expenditures:			
Operating Expenditures:			
Public Safety:			
Salaries and employee benefits		**474,243**	
Other departmental expenses		**188,331**	
Total public safety	1,013,760	**662,574**	351,186
Total expenditures	1,013,760	**662,574**	351,186
Revenues under expenditures	(924,860)	**(444,126)**	480,734
Other financing sources:			
Fund balance appropriated	17,500	**-**	(17,500)
Transfer from other funds	907,360	**450,000**	(457,360)
Total other financing sources	924,860	**450,000**	(474,860)
Net change in fund balance	$ -	**5,874**	$ 5,874
Fund balance, beginning of year		**52,900**	
Fund balance, end of year		**$ 58,774**	

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

GRANT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
From inception and for the year ended June 30, 2025

		Actual through June 30, 2025			
	Project Authorization	Reported in Prior Years	**Current Year**	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	$ 667,725	$ 147,293	**$ 323,650**	$ 470,943	$ (196,782)
Miscellaneous	-	-	**49,991**	49,991	49,991
Total revenues	667,725	147,293	**373,641**	520,934	(146,791)
Expenditures:					
Stormwater Infrastructure Planning	400,000	103,000	**191,200**	294,200	105,800
Hemphill Property Master Planning	150,000	-	**32,092**	32,092	117,908
Public Safety	29,909	28,293	**-**	28,293	1,616
Streamflow Rehab Program	71,816	69,000	**-**	69,000	2,816
Community Waste Reduction & Recycling	291,480	288,565	**-**	288,565	2,915
Total expenditures	943,205	488,858	**223,292**	712,150	231,055
Revenues over (under) expenditures	(275,480)	(341,565)	**150,349**	(191,216)	84,264
Other financing sources:					
Transfer from other funds	275,480	275,480	**164,160**	439,640	164,160
Revenues and other financing sources over expenditures	$ -	$ (66,085)	**314,509**	$ 248,424	$ 248,424
Fund balance (deficit), beginning of year			**(66,085)**		
Fund balance, end of year			**$ 248,424**		

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

GENERAL CAPITAL PROJECT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
From inception and for the year ended June 30, 2025

		Actual through June 30, 2025			
	Project Authorization	Reported in Prior Years	**Current Year**	Total to Date	Variance Positive (Negative)
Revenues:					
Intergovernmental	$ 4,968,000	$ 1,138,675	**$ 229,541**	$ 1,368,216	$ (3,599,784)
Miscellaneous - Contributions	-	164,160	**-**	164,160	164,160
Total revenues	4,968,000	1,302,835	**229,541**	1,532,376	(3,435,624)
Expenditures:					
Riverwalk Greenway					
Capital outlay	4,910,000	837,284	**257,693**	1,094,977	3,815,023
Total project expenditures	4,910,000	837,284	**257,693**	1,094,977	3,815,023
Lake Tomahawk Dam					
Capital outlay	752,311	740,570	**30,679**	771,249	(18,938)
Total project expenditures	752,311	740,570	**30,679**	771,249	(18,938)
Cragmont Park Renovation					
Capital outlay	492,000	-	**15,687**	15,687	476,313
Total project expenditures	492,000	-	**15,687**	15,687	476,313
Ninth Street Bridge					
Capital outlay	800,000	40,000	**-**	40,000	760,000
Total project expenditures	800,000	40,000	**-**	40,000	760,000
Total expenditures	6,954,311	1,617,854	**304,059**	1,921,913	5,032,398
Revenues over (under) expenditures	(1,986,311)	(315,019)	**(74,518)**	(389,537)	1,596,774
Other financing sources (uses):					
Transfers to other funds	-	-	**(726,474)**	(726,474)	(726,474)
Transfer from other funds	1,986,311	1,826,424	**-**	1,826,424	(159,887)
Total other financing sources (uses)	1,986,311	1,826,424	**(726,474)**	1,099,950	(886,361)
Revenues and other financing sources over expenditures	$ -	$ 1,511,405	**(800,992)**	$ 710,413	$ 710,413
Fund balance, beginning of year			**1,511,405**		
Fund balance, end of year			**$ 710,413**		

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

WATER FUND
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the year ended June 30, 2025

	Budget	**Actual**	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Charges for services	$ 2,309,000	**$ 1,927,203**	$ (381,797)
Other	210,000	**323,788**	113,788
Miscellaneous	90,649	**91,413**	764
Total operating revenues	2,609,649	**2,342,404**	(267,245)
Nonoperating revenues:			
Investment earnings	140,000	**56,507**	(83,493)
Total revenues	2,749,649	**2,398,911**	(350,738)
Expenditures:			
Operating expenditures:			
Water and sewer administration:			
Salaries and employee benefits		**198,222**	
Other departmental expenses		**158,247**	
Total water and sewer administration	370,690	**356,469**	14,221
Water system operations:			
Salaries and employee benefits		**867,272**	
Other departmental expenses		**888,519**	
Total water system operations	1,912,240	**1,755,791**	156,449
Total operating expenses	2,282,930	**2,112,260**	170,670
Debt service:			
Principal retirement		**165,913**	
Interest		**17,218**	
Total debt service	183,300	**183,131**	169
Capital outlay	845,349	**585,613**	259,736
Total expenditures	3,311,579	**2,881,004**	430,575
Revenues under expenditures	(561,930)	**(482,093)**	79,837
Other financing sources (uses):			
Transfer to water capital reserve fund	(10,000)	-	10,000
Appropriated fund balance	571,930	-	(571,930)
Total other financing uses:	561,930	-	(561,930)
Revenues and other sources under expenditures and other uses	$ -	**$ (482,093)**	$ (482,093)

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

WATER FUND
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)
For the year ended June 30, 2025

	Budget	**Actual**	Variance Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Payment of debt principal		**$ 165,913**	
Net book value of capital asset disposals		**(1,114,823)**	
Capital contributions - Water and Sewer Capital Projects Fund		**282,158**	
Increase in accrued vacation pay		**(1,331)**	
Increase in net pension liability and changes in related deferrals		**(65,730)**	
Increase in net OPEB liability and changes in related deferrals		**(144,891)**	
Insurance proceeds - Water and Sewer Capital Projects Fund		**1,298,267**	
Non-capital expenditures in capital project fund		**(918,661)**	
Transfer from other funds - Water and Sewer Capital Projects Fund		**355,262**	
Capital outlay		**585,613**	
Depreciation		**(399,693)**	
Change in net position		**$ (440,009)**	

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

WATER CAPITAL RESERVE FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the year ended June 30, 2025

	Final Budget	**Actual**	Variance Positive (Negative)
Net change in fund balance	$ -	**-**	$ -
Fund balance, beginning of year		**386,682**	
Fund balance, end of year		**$ 386,682**	

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

WATER CAPITAL PROJECT FUND
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
From inception and for the year ended June 30, 2025

		Actual through June 30, 2025			
	Project Authorization	Reported in Prior Years	**Current Year**	Total to Date	Variance Positive (Negative)
Revenues:					
Restricted intergovernmental	$ 5,200,000	$ -	**$ 282,158**	$ 282,158	$ (4,917,842)
Expenditures:					
Hwy 70 Water Line	500,000	90,062	**7,858**	97,920	402,080
Automated Meter Infrastructure	1,780,000	1,298,801	**18,836**	1,317,637	462,363
Lead and Copper Service Inventory	510,000	-	**28,799**	28,799	481,201
Tropical Storm Helene Water Infrastructure	3,200,000	-	**1,117,124**	1,117,124	2,082,876
Swannanoa River Floodbench	5,000,000	59,833	**325,974**	385,807	4,614,193
Total expenditures	10,990,000	1,448,696	**1,498,591**	2,947,287	8,042,713
Revenues under expenditures	(5,790,000)	(1,448,696)	**(1,216,433)**	(2,665,129)	3,124,871
Other financing sources:					
Insurance proceeds	-	-	**1,298,267**	1,298,267	1,298,267
Issuance of long-term obligations	3,510,000	-	**-**	-	(3,510,000)
Transfer from other funds	500,000	500,000	**-**	500,000	-
Transfer from general fund	-	-	**355,262**	355,262	355,262
Transfer from water capital reserve fund	1,780,000	1,905,000	**-**	1,905,000	125,000
Total other financing sources	5,790,000	2,405,000	**1,653,529**	4,058,529	(1,731,471)
Revenues and other financing sources over expenditures	$ -	$ 956,304	**$ 437,096**	$ 1,393,400	$ 1,393,400

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

GENERAL FUND
Schedule of Ad Valorem Taxes Receivable
For the year ended June 30, 2025

Fiscal Year	Uncollected Balance 6/30/2024	Additions	Collections And Credits	Uncollected Balance 6/30/2025
2024-2025	$ -	$ 5,717,519	$ 5,694,280	$ 23,239
2023-2024	9,886	-	4,151	5,735
2022-2023	3,247	-	327	2,920
2021-2022	2,599	-	124	2,475
2020-2021	1,943	-	63	1,880
2019-2020	691	-	40	651
2018-2019	510	-	2	508
2017-2018	265	-	5	260
2016-2017	108	-	2	106
2015-2016	154	-	53	101
2014-2015	130	-	130	-
	$ 19,533	$ 5,717,519	$ 5,699,177	37,875
	Less: allowance for uncollectible accounts:			
	General Fund			7,000
	Ad valorem taxes receivable, net			$ 30,875
	Reconciliation with revenues:			
	Ad valorem taxes - General Fund			$ 5,708,419
	Reconciling items:			
	Interest collected			(14,139)
	Releases, write-offs, and other			4,897
	Total collections and credits			$ 5,699,177

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

GENERAL FUND
Analysis of Current Tax Levy
For the year ended June 30, 2025

	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Original levy	$ 1,778,166,667	0.3210	$ 5,707,915	$ 5,324,248	$ 383,667
Penalties			4,858	4,858	
Total			5,712,773	5,329,106	383,667
Discoveries:					
Current year taxes and penalties	4,740,498	0.3210	15,217	15,217	-
Abatements	(3,261,994)	0.3210	(10,471)	(10,471)	-
Total property valuation	$ 1,779,645,172				
Net levy			5,717,519	5,333,852	383,667
Uncollected taxes at June 30, 2025			23,239	23,239	-
Current year's taxes collected			$ 5,694,280	$ 5,310,613	$ 383,667
Current levy collection percentage			99.59%	99.56%	100.00%

Town of Black Mountain, North Carolina

Statistical Section

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

Financial Trends (Tables 1-4)

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

Revenue Capacity (Tables 5-9)

These schedules contain trend information to help the reader assess the factors affecting the Town's ability to generate its most significant revenue sources: property tax, sales tax, and utility franchise tax.

Debt Capacity (Tables 10-12)

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

Demographic and Economic Information (Tables 13-15)

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

Operating Indicators (Tables 16-17)

These schedules contain service and infrastructure data to help the reader understand how the information in the Town's financial report relates to the services the Town provides and the activities it performs.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Governmental activities										
Net investment in capital assets	$ 8,195,626	$ 9,268,098	$ 10,598,818	$ 11,718,680	$ 13,163,915	$ 13,538,867	$ 11,279,158	$ 11,012,959	$ 10,961,315	$ 11,785,017
Restricted	1,506,959	1,013,087	1,104,513	1,381,594	1,715,291	2,368,986	1,711,843	1,405,778	1,857,322	3,729,593
Unrestricted	3,214,334	2,395,587	(5,775,493)	(5,432,828)	(4,322,530)	(4,483,440)	(2,643,741)	(341,589)	(1,679,977)	(6,224,909)
Total governmental activities	$ 12,916,919	$ 12,676,772	$ 5,927,838	$ 7,667,446	$ 10,556,676	$ 11,424,413	$ 10,347,260	$ 12,077,148	$ 11,138,660	$ 9,289,701
Business-type activities										
Net investment in capital assets	$ 4,841,723	$ 5,209,008	$ 5,535,695	$ 5,668,069	$ 5,745,831	$ 6,078,043	$ 8,834,979	$ 8,907,202	$ 9,654,879	$ 8,753,119
Unrestricted	1,888,984	1,686,041	279,437	259,769	(454,357)	(201,778)	436,564	1,384,828	1,090,553	1,033,310
Total business-type activities	$ 6,730,707	$ 6,895,049	$ 5,815,132	$ 5,927,838	$ 5,291,474	$ 5,876,265	$ 9,271,543	$ 10,292,030	$ 10,745,432	$ 9,786,429
Primary government										
Net investment in capital assets	$ 13,037,349	$ 14,477,106	$ 16,134,513	$ 17,386,749	$ 18,909,746	$ 19,616,910	$ 20,114,137	$ 19,920,161	$ 20,616,194	$ 20,538,136
Restricted	1,506,959	1,013,087	1,104,513	1,381,594	1,715,291	2,368,986	1,711,843	1,405,778	1,857,322	3,729,593
Unrestricted	5,103,318	4,081,628	(5,496,056)	(5,173,059)	(4,776,887)	(4,685,218)	(2,207,177)	1,043,239	(589,424)	(5,191,599)
Total primary government	$ 19,647,626	$ 19,571,821	$ 11,742,970	$ 13,595,284	$ 15,848,150	$ 17,300,678	$ 19,618,803	$ 22,369,178	$ 21,884,092	$ 19,076,130

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Expenses										
Governmental activities:										
General government	$ 1,187,536	$ 1,198,062	$ 1,184,619	$ 1,114,182	$ 1,371,115	$ 1,540,167	$ 1,213,494	$ 1,814,153	$ 1,664,156	$ 1,948,534
Public safety	3,362,444	3,547,258	4,073,375	3,949,196	4,360,322	4,481,181	5,138,179	6,517,977	6,831,314	7,874,677
Public works	900,103	943,152	1,125,163	1,095,937	1,216,069	1,219,898	1,609,379	1,847,639	2,625,300	2,023,217
Environmental protection	670,546	737,418	761,484	890,934	862,488	1,552,709	935,192	937,005	1,714,500	1,076,692
Cultural and recreation	856,205	856,816	770,493	765,911	679,414	314,851	864,165	970,299	1,613,218	1,791,471
Economic and physical development	969,884	562,254	1,786	-	-	19,269	-	-	-	-
Interest on long term debt	52,601	47,856	38,862	66,392	52,493	61,108	60,232	49,518	59,708	73,778
Total governmental activities expenses	7,999,319	7,892,816	7,955,782	7,882,552	8,541,901	9,189,183	9,820,641	12,136,591	14,508,196	14,788,369
Business-type activities:										
Water and Sewer	1,322,647	1,293,069	1,364,891	1,321,979	1,414,080	1,580,523	2,003,477	2,124,843	2,373,307	2,769,922
Golf	585,951	598,817	635,955	631,431	604,023	615,042	735,216	838,230	893,072	-
Total business-type activities	1,908,598	1,891,886	2,000,846	1,953,410	2,018,103	2,195,565	2,738,693	2,963,073	3,266,379	2,769,922
Total primary government expenses	$ 9,907,917	$ 9,784,702	$ 9,956,628	$ 9,835,962	$ 10,560,004	$ 11,384,748	$ 12,559,334	$ 15,099,664	$ 17,774,575	$ 17,558,291
Program Revenues										
Governmental activities:										
Charges for services										
General government	$ 3,633	$ -	$ -	$ 343,676	$ 359,609	$ 388,771	$ 668,449	$ 333,889	$ 486,562	$ 257,653
Public safety	1,211,299	1,263,285	1,271,710	1,178,813	1,256,060	1,272,009	1,551,139	1,547,105	1,547,122	1,563,357
Public works	1,492	-	-	-	-	-	40,573	268,439	515,286	622,798
Cultural and recreational	198,629	250,572	265,806	144,916	79,137	43,198	236,581	227,457	247,912	613,344
Economic and physical development	-	-	-	-	-	-	-	-	-	-
Operating grants and contributions	311,013	274,683	312,075	100,706	155,394	193,370	591,798	2,927,676	486,089	363,827
Capital grants and contributions	-	169,132	23,787	1,465,264	1,476,379	829,395	317,755	139,991	495,565	1,656,843
Total governmental activities program revenues	1,726,066	1,957,672	1,873,378	3,233,375	3,326,579	2,726,743	3,406,295	5,444,557	3,778,536	5,077,822
Business-type activities:										
Charge for services										
Water	1,350,939	1,427,404	1,417,253	1,420,559	1,503,970	1,765,500	2,254,433	2,513,979	2,440,413	2,250,991
Golf	543,564	543,326	476,570	454,577	469,487	609,550	701,357	837,611	1,053,138	-
Capital grants and contributions	-	-	-	30,100	-	-	-	-	-	-
Total business-type activities	1,894,503	1,970,730	1,893,823	1,905,236	1,973,457	2,375,050	2,955,790	3,351,590	3,493,551	2,250,991
Total primary government program revenues	3,620,569	3,928,402	3,767,201	5,138,611	5,300,036	5,101,793	6,362,085	8,796,147	7,272,087	7,328,813
Net (Expense) Revenue										
Governmental activities	(6,273,253)	(5,935,144)	(6,082,404)	(4,649,177)	(5,215,322)	(6,462,440)	(6,414,346)	(6,692,034)	(10,729,660)	(9,710,547)
Business-type activities	(14,095)	78,844	(107,023)	(48,174)	(44,646)	179,485	217,097	388,517	227,172	(518,931)
Total primary government expense	$ (6,287,348)	$ (5,856,300)	$ (6,189,427)	$ (4,697,351)	$ (5,259,968)	$ (6,282,955)	$ (6,197,249)	$ (6,303,517)	$ (10,502,488)	$ (10,229,478)

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
								continued from previous page	*from previous page*	
General Revenue and Other Changes in Net Position										
Governmental activities:										
Taxes	$ 5,414,866	$ 5,464,694	$ 5,597,622	$ 5,755,342	$ 5,883,063	$ 6,553,519	$ 7,106,526	$ 7,457,616	$ 8,008,257	$ 8,297,819
Grants and unrestricted contributions	836,255	799,505	803,413	844,345	882,376	959,736	953,523	1,021,228	1,038,878	965,587
Investment earnings	13,402	24,425	52,392	91,364	68,846	2,047	14,548	221,458	371,408	296,362
Gain on disposal of assets	41,600	-	-	3,463	449,452	-	10,030	8,139	(31,815)	-
Miscellaneous	153,817	89,420	135,340	146,382	194,022	183,572	115,628	213,481	404,444	285,983
Transfers	(246,018)	(71,997)	(130,530)	(125,000)	626,793	(432,388)	-	(500,000)	-	(355,262)
Extraordinary items	-	-	-	-	-	-	-	-	-	(2,025,266)
Total government activities	6,213,922	6,306,047	6,458,237	6,715,896	8,104,552	7,266,486	8,200,255	8,421,922	9,791,172	7,465,223
Business-type activities:										
Investment earnings	4,614	12,334	22,847	34,010	22,622	519	2,085	71,487	155,271	56,507
Gain (loss) on disposal of assets	(8,907)	-	2,952	-	10,902	-	183,600	-	-	-
Grants and contributions, not restricted	-	-	-	-	-	-	-	-	-	282,158
Miscellaneous	2,791	1,167	2,488	1,870	1,551	61,877	129,432	60,483	70,959	91,413
Special Item	-	-	-	-		-	-	-	-	(706,418)
Transfers	246,018	71,997	130,530	125,000	(626,793)	234,420	-	500,000	-	355,262
Total business-type activities	244,516	85,498	158,817	160,880	(591,718)	296,816	315,117	631,970	226,230	78,922
Total primary government	$ 6,458,438	$ 6,391,545	$ 6,617,054	$ 6,876,776	$ 7,512,834	$ 7,563,302	$ 8,515,372	$ 9,053,892	$ 10,017,402	$ 7,544,145
Change in Net Position										
Governmental activities	$ (59,331)	$ 370,903	$ 375,833	$ 2,066,719	$ 2,889,230	$ 804,046	$ 1,785,909	$ 1,729,888	$ (938,488)	$ (2,245,324)
Business activities	230,421	164,342	51,794	112,706	(636,364)	476,301	532,214	1,020,487	453,402	(440,009)
Total primary government	$ 171,090	$ 535,245	$ 427,627	$ 2,179,425	$ 2,252,866	$ 1,280,347	$ 2,318,123	$ 2,750,375	$ (485,086)	$ (2,685,333)

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	$ 16,165	$ (4,653,713)	$ 77,902	$ 66,315	$ 17,772	$ 62,921	$ 52,239	$ 25,565	$ 32,305	$ 117,746
Restricted	942,700	17,332,183	884,784	1,103,394	1,261,177	2,157,866	1,492,014	1,293,125	1,611,954	1,544,086
Committed	275,000	175,000	175,000	-	-	-	605,000	705,000	405,000	405,000
Assigned	408,248	576,079	242,089	663,074	743,121	535,000	589,920	1,344,500	1,700,000	415,950
Unassigned	3,022,324	2,826,373	2,822,575	2,778,006	3,485,649	3,550,454	4,014,358	5,029,538	3,303,852	1,957,345
Total general fund	4,664,437	16,255,922	4,202,350	4,610,789	5,507,719	6,306,241	6,753,531	8,397,728	7,053,111	4,440,127
Other Governmental Funds										
Restricted	564,260	127,611	-	278,200	452,114	438,017	219,829	112,653	245,368	2,185,507
Committed	30,000	2,913	-	117,913	583,088	158,522	679,331	1,383,457	1,803,493	1,575,856
Unassigned	(2,475)	-	-	(106,852)	(63,871)	(126,825)	-	(135,083)	(66,085)	-
Total other governmental funds	591,785	130,524	-	289,261	971,331	469,714	899,160	1,361,027	1,982,776	3,761,363
Total combined governmental fund balances	$ 5,256,222	$ 16,386,446	$ 4,202,350	$ 4,900,050	$ 6,479,050	$ 6,775,955	$ 7,652,691	$ 9,758,755	$ 9,035,887	$ 8,201,490

Note: Other Governmental Funds includes Capital Project Funds
All Governmental Fund types consist of General Fund, special revenue funds, capital project funds, and permanent funds.

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenues										
Ad valorem taxes	$ 3,830,394	$ 3,859,698	$ 3,940,653	$ 4,077,971	$ 4,165,120	$ 4,517,456	$ 4,839,908	$ 5,038,554	$ 5,502,541	$ 5,708,419
Other taxes and licenses	1,589,942	1,607,707	1,654,609	1,681,330	1,706,189	1,991,112	2,269,225	2,416,608	2,502,016	2,573,201
Unrestricted intergovernmental revenues	836,255	799,505	803,413	844,345	882,376	959,736	953,523	1,021,228	1,038,878	965,587
Restricted intergovernmental revenues	311,013	443,815	335,862	1,459,128	1,382,418	760,130	909,553	3,067,667	981,654	1,893,282
Permits and fees	294,689	335,606	279,238	249,093	543,220	717,913	669,322	675,047	849,323	607,729
Sales and services	1,120,364	1,178,251	1,258,278	1,414,946	1,402,076	1,375,672	1,786,847	1,742,416	1,947,559	2,449,423
Investment earnings	13,402	89,420	129,340	91,364	68,846	2,047	14,548	221,458	371,408	296,362
Other revenues	153,817	24,425	52,392	146,382	194,022	182,997	115,628	213,483	404,444	285,985
Total Revenue	8,149,876	8,338,427	8,453,785	9,964,559	10,344,267	10,507,063	11,558,554	14,396,461	13,597,823	14,779,988
Expenditures										
Current										
General government	1,203,593	1,141,725	2,142,043	1,188,575	1,450,364	1,466,649	1,193,419	1,746,841	1,548,856	2,996,681
Public safety	3,373,520	3,961,552	3,872,049	4,664,341	4,243,271	4,334,531	5,419,359	6,207,405	6,325,053	7,436,948
Public works	1,066,048	1,044,851	1,214,789	1,113,973	1,297,159	1,037,960	1,633,048	1,685,424	2,429,284	3,972,477
Environmental protection	659,476	730,010	757,714	760,547	755,557	1,483,866	764,928	792,522	1,537,744	1,582,171
Cultural and recreational	1,117,776	925,412	822,305	688,353	593,263	499,811	746,343	1,036,945	927,599	2,366,448
Economic and physical development	-	-	-	-	17,332,183	-	247,368	200,738	82,844	-
Capital outlay	969,884	889,362	39,244	1,149,336	1,367,864	822,430	-	547,430	1,637,262	257,693
Debt Service										
Principal	294,361	159,791	382,219	176,000	326,977	599,117	447,282	298,202	425,060	962,324
Interest and fees	58,271	50,789	43,060	60,989	55,814	58,656	65,715	37,415	52,109	76,888
Total expenditures	8,742,929	8,903,492	9,273,423	9,802,114	10,090,269	10,303,020	10,517,462	12,552,922	14,965,811	19,651,630
Excess of revenues over (under) expenditures	(593,053)	(565,065)	(819,638)	162,445	253,998	204,043	1,041,092	1,843,539	(1,367,988)	(4,871,642)
Other Financing Sources (uses)										
Proceeds from debt - Note Payable	-	-	750,000	434,150	43,270	869,013	-	580,000	637,788	1,281,272
Transfers in	29,980	258,500	107,575	80,000	775,688	297,088	1,295,869	4,635,874	2,991,480	4,832,212
Transfers out	(275,998)	(330,497)	(238,105)	(205,000)	(148,895)	(517,101)	(1,295,869)	(5,135,874)	(2,991,480)	(5,187,474)
Sale of capital assets	41,600	-	6,000	3,463	563,663	14,342	10,030	8,139	7,332	7,504
Insurance proceeds	-	-	-	-	-	-	-	-	-	2,864,098
Total other financing sources (uses)	(204,418)	(71,997)	625,470	312,613	1,233,726	663,342	10,030	88,139	645,120	3,797,612
Net change in fund balances	$ (797,471)	$ (637,062)	$ (194,168)	$ 475,058	$ 1,487,724	$ 867,385	$ 1,051,122	$ 1,931,678	$ (722,868)	$ (1,074,030)
Debt service as a percentage of non capital expenditures	4.43%	2.78%	5.35%	3.13%	4.87%	8.14%	6.19%	3.25%	3.58%	5.36%

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years

(Amounts Expressed in Thousands)

	Assessed Real Property		Assessed Personal Property						
Fiscal Year	Commercial/ Industrial Property/Other	Residential Property	Motor Vehicles	Other	Less: Tax Exempt Real Property	Total Taxable Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
2016	254,980,700	617,177,450		115,445,989	25,279,397	$962,324,742	0.375	1,069,249,713	90.00%
2017	253,059,900	626,197,200		112,495,513	24,606,270	$967,146,343	0.375	1,143,875,036	84.55%
2018	271,194,000	760,411,700	61,610,757	114,672,592	28,396,672	$1,179,492,377	0.3325	1,194,664,618	98.73%
2019	289,077,600	747,426,524		116,098,134		$1,152,602,258	0.3325	1,257,338,560	91.67%
2020	275,762,600	710,797,450	67,448,484	125,824,856	161,893,892	$1,017,939,498	0.3325	1,180,219,708	86.25%
2021	432,847,500	829,451,450	70,454,368	139,750,256	173,763,392	$1,298,740,182	0.3325	1,540,068,993	84.33%
2022	471,444,600	1,092,674,450	77,287,861	139,935,618	207,766,880	$1,573,575,649	0.306	1,593,817,127	98.73%
2023	472,995,000	1,133,309,350	85,003,531	152,592,458	206,791,015	$1,637,109,324	0.306	1,899,639,503	86.18%
2024	479,908,667	1,183,001,350	89,270,016	167,503,129	208,703,410	$1,710,979,752	0.321	2,415,955,594	70.82%
2025	477,362,600	1,223,547,950	108,681,109	165,685,107	208,230,500	$1,767,046,266	0.321	2,495,123,222	70.82%

Source: Buncombe County Tax Assessor's Office , Municipal Certification Valuation and Property Tax Levies, and NC Department of Revenue

Notes: The levy of property taxes each year is based on the assessed value of taxable property as of January 1, preceding the beginning of the fiscal year on July 1. Fiscal Year totals listed above are for the taxes for the prior calendar year.

All taxable property was assessed at one hundred percent (100%)of it's estimated actual value.

Revaluation of real property is required by statue at least once every eight years, Buncombe County does reassessments once every four years.

Estimated actual taxable value is calculated by dividing assessed values by Sales Assessment Ratio determined by the N.C. Department of Revenue. The ratio is based on actual property sales which took place during the fiscal year.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA
Governmental Funds Tax Revenue by Source
Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales and Use Tax	Utility Sales Tax	Total
2016	3,830,394	1,554,072	679,210	6,063,676
2017	3,859,698	1,563,168	679,531	6,102,397
2018	3,940,654	1,609,566	679,403	6,229,623
2019	4,077,971	1,681,330	680,511	6,439,812
2020	4,165,120	1,706,189	669,328	6,540,637
2021	4,517,456	1,991,112	637,158	7,145,726
2022	4,839,908	2,225,237	629,753	7,694,898
2023	5,038,554	2,369,519	657,906	8,065,980
2024	5,502,541	2,452,888	691,695	8,647,124
2025	5,708,419	2,528,975	736,227	8,973,621

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Direct and Overlapping Tax Rates

Last Ten Fiscal Years

Fiscal Year	Town of Black Mountain	Buncombe County	Total Direct and Overlapping Rates
2016	0.375	0.604	0.979
2017	0.375	0.604	0.979
2018	0.3325	0.539	0.872
2019	0.3325	0.529	0.862
2020	0.3325	0.529	0.862
2021	0.3325	0.529	0.862
2022	0.306	0.488	0.794
2023	0.306	0.488	0.794
2024	0.321	0.498	0.819
2025	0.321	0.518	0.839

Source: Buncombe County Tax Department, NCDOR

Note: Overlapping tax rates are those of local and county governments that apply to property owners within the Town of Black Mountain.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

	2025			2016		
Taxpayers	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Town Taxable Assessed Value
INGLES MARKETS INC	$186,332,479	1	10.47%	$162,363,000	1	16.49%
KEARFOTT GUIDANCE & NAVIGATION CORP	$13,686,493	3	0.77%	$8,289,000	3	0.84%
SHOPPING CENTER FINANCING II LLC	$10,060,100	4	0.57%	$10,403,000	2	1.06%
DUKE ENERGY PROGRESS INC	$9,987,196	2	0.56%	$8,177,000	4	0.83%
LPCA LLC	$7,293,562	5	0.41%			
TYSON FURNITURE CO INC	$6,028,600	9	0.34%			
INGLES BLACK MOUNTAIN EXCHANGE LLC	$5,111,900	6	0.29%			
MERRI-MAC PROPERTIES LLC	$4,425,270	7	0.25%			
MIAMI MADE LLC	$4,371,600	8	0.25%			
BLACK MOUNTAIN CENTER FOR RESEARCH AND TECH	$3,335,500	10	0.19%			
	$250,632,700		14.08%	$189,232,000		19.22%

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA
Property Tax Levies and Collections (Excluding Motor Vehicles)
Last Ten Fiscal Years

			Collection within the Fiscal Year of the Levy			Total Collections to Date	
Tax Year	Fiscal Year	Taxes Levied for the Fiscal Year	Amount	Percentage of Levy	Collections in Subsequent Years	Amount	Percentage of Levy
2015	2016	3,609,459	3,605,137	99.33%	4,036	3,609,173	99.99%
2016	2017	3,629,372	3,626,230	97.49%	2,987	3,629,217	100.00%
2017	2018	3,719,454	3,715,303	96.63%	3,526	3,718,823	99.98%
2018	2019	3,844,709	3,841,971	96.67%	1,935	3,843,904	99.98%
2019	2020	3,974,329	3,950,501	94.11%	22,640	3,973,101	99.97%
2020	2021	4,197,875	4,188,820	99.78%	6,443	4,195,201	99.94%
2021	2022	4,583,887	4,573,818	99.78%	7,583	4,573,818	99.78%
2022	2023	4,754,230	4,745,912	99.83%	7,531	4,753,131	99.98%
2023	2024	5,499,362	5,489,476	99.82%	3,856	5,493,332	99.89%
2024	2025	5,678,349	5,649,883	99.50%	-	5,649,883	99.50%

Source: Buncombe County Tax Department

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

	Governmental Activities			Business-type Activities					
Fiscal Year Ended June 30	Installment Purchase Agreements	Capital Leases	Notes Payable	Installment Purchase Agreements	Capital Leases	Notes Payable	Total Primary Government	Percentage of Personal Income	Debt Per Capita
2016	0	0	1,676,009	0	0	1,645,533	3,321,542	1.03%	399
2017	0	0	1,516,218	0	0	1,517,805	3,034,023	0.93%	363
2018	0	0	1,884,000	0	0	2,138,276	4,022,276	1.24%	490
2019	0	0	2,142,150	0	0	1,956,897	4,099,047	1.05%	498
2020	0	0	1,858,443	0	0	1,773,621	3,632,064	0.81%	439
2021	2,119,691	0	0	766,384	0	572,016	3,458,091	0.73%	425
2022	2,270,473	0	0	655,492	0	683,872	3,609,837	0.70%	420
2023	1,981,711	0	65,990	656,607	0	389,738	3,094,046	0.62%	356
2024	2,146,463	0	56,563	484,901	393,126	341,021	3,422,073	0.64%	384
2025	2,595,185	0	47,136	310,317	0	292,303	3,244,941	0.51%	356

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.
(1)See the Schedule of Demographic and Economic Statistics for personal income and population data
* Information is not yet available

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Direct and Overlapping Governmental Activities Debt
As of June 30, 2025

Governmental Unit	Debt Outstanding (1)	Estimated Percentage Applicable to Town (2)	Estimated Share of Direct and Overlapping Debt
Buncombe County - Overlapping Debt	$ 398,690,980	3.34%	$ 13,313,951
Town of Black Mountain - Direct Debt	$ 2,642,321	100%	$ 2,642,321
Total direct and overlapping debt	**$ 423,564,785**		**$ 16,101,904**

Notes:
(1) Includes governmental activities debt only.
(2) The percentage of overlapping debt applicable were estimated by determining the town's portion of the county's taxable assessed value.
Sources:
Overlapping Debt provided by Buncombe County, unless otherwise noted.

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

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Debt limit, 8% of assessed value	$ 78,775,000	$ 79,107,280	$ 89,541,360	$ 92,116,000	$ 98,006,000	$ 98,262,865	126,331,686	130,968,746	136,878,380	142,157,715
Total net debt applicable to limit	1,676,000	1,516,000	1,884,000	2,142,000	1,858,000	2,469,691	2,254,085	2,161,754	2,317,802	2,642,321
Legal debt margin available	77,099,000	77,591,280	87,657,360	89,974,000	96,148,000	95,793,174	124,077,601	128,806,992	134,560,578	139,515,394
Total net debt applicable to the limit as a percentage of limit	2.13%	2.13%	2.10%	2.33%	1.90%	2.51%	1.78%	1.65%	1.69%	1.86%

Note: NC Statute GS159-55 limits the Town's outstanding debt to 8% of the appraised value of property subject to taxation.

Calculation of Current Year Legal Debt Margin

Total Assessed Value	1,776,971,443
Debt Limit (8% of Total Assessed Value)	142,157,715
Amount of Debt Applicable to Debt Limit:	
Non-Bonded Debt	3,244,941
Bonded Debt	
Less-Debt for Sanitary Water/Sewer System	602,620
Total Amount of Debt Applicable to Debt Limit	2,642,321
Legal Debt Margin	139,515,394

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA
Principal Employers
Current Year and Nine Years Prior

	2025			2016	
Employer	**Employees**	**Rank**	**Percentage of Total Town Employment**	**Employees**	**Rank**
Ingles Markets, Inc.	1,001	1	35.06%	1,428	1
Kearfott Motion System	400	2	14.01%	300	3
Black Mountain NMTC	241	3	8.44%	463	2
Givens Highland Farms	200	4	7.01%	154	5
Buncombe County Schools	190	5	6.65%	230	4
Town of Black Mountain Government	110	6	3.85%	75	8
NC State VA Home	100	7	3.50%		
First at Blue Ridge, Inc.	60	8	2.10%		
Swannanoa Correctional Center	60	9	2.10%		
Grove Stone & Sand	50	10	1.75%		

Source: NC Department of Commerce
Note: Seasonal employers (such as camps) are not included.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA
Principal Water Customers
Current Year
(in gallons)

Customer	Consumption	Revenue from water consumption
Ridgecrest Conference Center	10,258,840	$ 55,193
Ingles Market	5,050,100	$ 50,197
Llama Vista	4,404,500	$ 43,737
Jay Shiv Ganesh Krupa, LLC	4,148,400	$ 41,193
Mountain Ridge Wellness Center	3,439,500	$ 65,798
Cartecay Holdings	1,835,900	$ 18,281
ACG Laurelwood LLC	1,626,100	$ 31,245
Triple A Property Management	1,553,500	$ 15,452
LPCA, LLC	1,402,100	$ 13,997
Black Mountain Coin Laundry	962,800	$ 9,570

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

Fiscal Year Ended June 30	Population (a)	Per Capita Personal Income (b)	Personal Income Appx. (in thousands)	Unemployment Rate (c)
2016	8,326	38,831	323,307	4.0%
2017	8,353	39,098	326,586	3.5%
2018	8,208	39,537	324,520	3.2%
2019	8,225	47,432	390,128	3.2%
2020	8,268	54,502	450,623	11.3%
2021	8,143	58,268	474,473	4.9%
2022	8,594	59,699	513,053	3.9%
2023	8,699	57,773	502,568	2.8%
2024	8,905	62,506	537,175	3.2%
2025	9,103	70,578	642,472	4.5%

(a) State Office of Budget and Management
(b) US Dept of Commerce, Bureau of Economic Analysis; for Asheville Metropolitan Statistical Area
(c) NC Department of Labor statistics
Note: Unemployement rate information is as of month ending June. Population and income on based on July 1 totals
Asheville Chamber of Commerce

TOWN OF BLACK MOUNTAIN, NORTH CAROLIN/A
Operating Indicators
Last Ten Fiscal Years

Department	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Finance										
Checks issued	2,156	2,497	2,351	2,400	2,820	2,534	2,631	2,321	1,791	1,082
Bank Drafts									2,853	2,885
EFT's									329	833
Police										
Calls logged	24,542	27,698	24,813	26,144	22,546	7,994	11,234	16,166	20,265	22,989
Training hours	2,633	2,369	3,964	2,935	2,465	2,675	3,802	4,105	4,946	3,727
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Total calls	2,198	2,240	2,530	2,351	2,235	2,281	2,306	2,367	2,406	3,001
Training hours	14,886	14,428	12,331	9,597	9,281	7,742	7,556	9,094	6,266	6,375
Public Services										
Sanitation tonnage	2,758	2,603	2,488	2,631	1,993	2,620	3,017	2,888	2,853	2,713
Recycling tonnage	613	583	562	637	658	646	417	406	356	378
Work orders	5,152	4,998	4,957	5,221	4,982	5,761	6,480	5,947	5,875	not available
Planning										
Building permits	654	732	659	682	640	755	625	551	706	1,044
Inspections performed	3,020	3,546	3,838	3,094	3,186	3,094	2,943	3,274	3,925	4,495
Recreation services										
Athletic programs	9	8	9	11	4	4	6	6	8	7
Outdoor Programs	-	-	-	-	-	-	-	4	48	40
Special Events	-	-	-	-	-	-	-	4	10	10
Senior programs	33	34	42	31	17	6	8	28	43	18
Pool attendance	17,005	20,048	17,303	15,567	10154	10193	9918	13956	19,210	13,009
Water Department										
Number of Customers	3,154	3,226	3,304	3,377	3455	3905	4005	4111	4,430	4,491
Net Water Produced in Gallons	240,633,000	252,802,144	232,698,696	236,017,748	226,807,072	296,180,636	294,603,341	313,935,218	336,248,966	361,490,509

Sources - Various Town departments.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA
Full Time Government Employees By Function/Department (budgeted)
Last Ten Fiscal Years

Department	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Administration	5	5	5	5	5	6	7	3	4	4
Human Resources	-	-	-	-	-	-	-	2	2	2
Finance	-	-	-	-	-	-	-	3	4	4
Planning Services	4	4	4	4	4	4	5	5	5	6
Fire	19	19	20	21	21	24	24	24	24	27
Police	22	22	22	23	24	24	24	27	32	27
Recreation Services	5	5	5	5	5	5	5	5	6	5
Public Services	9	10	10	10	16	13	10	16	16	19
Water	8	8	8	9	9	4	10	4	7	4
Sanitation	-	-	-	-	-	7	7	7	11	9
Golf	3	3	3	4	4	4	4	4	4	3
TOTAL	75	76	77	81	88	91	96	100	115	110

Note-Administration was divided into new departments (Human Resources & Finance) in FY2023

COMPLIANCE SECTION

GOULD KILLIAN
CPA GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditors' Report

To the Honorable Mayor and
Members of the Town Council
Town of Black Mountain
Black 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 financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the remaining fund information of the Town of Black Mountain, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprises the Town of Black Mountain's basic financial statements, and have issued our report thereon dated February 27, 2026. The financial statements of the Town of Black Mountain ABC Board were not audited in accordance with *Government Auditing Standards.*

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Black Mountain'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 Black Mountain's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control which we consider to be a material weaknesses.

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Report on Compliance and Other Matters

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

Purpose of the 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.

Harold Killian CPA Group, P.A.

Asheville, North Carolina
February 27, 2026

GOULD KILLIAN CPA GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Report On Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Black Mountain, North Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement and Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Town of Black Mountain's major federal programs for the year ended June 30, 2025. Town of Black Mountain's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Black Mountain complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Black Mountain and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of Town of Black Mountain's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of

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laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Black Mountain's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Black Mountain's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Black Mountain's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Black Mountain's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Town of Black Mountain's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Black Mountain's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A s*ignificant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a *material weakness in internal control over compliance*, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Harold Killian CPA Group, P.A.

Asheville, North Carolina
February 27, 2026

GOULD KILLIAN CPA GROUP, P.A.
CERTIFIED PUBLIC ACCOUNTANTS

Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited Town of Black Mountain, North Carolina, compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of Town of Black Mountain's major State programs for the year ended June 30, 2025. Town of Black Mountain's major State programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Black Mountain complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Town of Black Mountain and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provides a reasonable basis for our opinion on compliance for each major State program. Our audit does not provide a legal determination of Town of Black Mountain's compliance with the compliance requirements referred to above.

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Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Black Mountain's state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Black Mountain's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Black Mountain's compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Black Mountain's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Town of Black Mountain's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Town of Black Mountain's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A s*ignificant deficiency in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a state program that is less severe than a *material weakness in internal control over compliance*, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in Auditor's Responsibilities for the Audit of Compliance section and above and was not designed to

identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies or material weaknesses in internal control over compliance. Given these limitations, during our audit, we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Harold Killian CPA Group, P.A.

Asheville, North Carolina
February 27, 2026

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Schedule of Findings
For the year ended June 30, 2025

1. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness(es) identified? _____ Yes ___X___ No
- Significant deficiency(ies) identified that are not considered to be material weaknesses? _____Yes ___X___ None reported

Non-compliance material to financial statements noted? _____ Yes ___X___ No

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ Yes ___X___ No
- Significant deficiency(s) identified that are not considered to be material weaknesses? _____Yes ___X____ None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? ____ Yes ___X___ No

The following were audited as major federal programs for the fiscal year ended June 30, 2025:

Program Name	AL #
Disaster Grants - Public Assistance	97.036

The threshold for determining Type A programs for Town of Black Mountain is $750,000.

Town of Black Mountain does not qualify as a low risk auditee.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Schedule of Findings
For the year ended June 30, 2025

State Awards

Internal control over major State programs:

- Material weakness(es) identified? _____ Yes __X__ No

- Significant deficiency(s) identified that are not considered to be material weaknesses? _____Yes __X____ None reported

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act _____ Yes __X__ No

Major State programs for Town of Black Mountain for the fiscal year ended June 30, 2025 are:

Statewide Cashflow Loan Program

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For the year ended June 30, 2025

No findings reported for the fiscal year ending June 30, 2024.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2025

	Federal Assistance Listing	State/Pass-Through Grantor's Number	Federal Expenditures	State Expenditures
Federal Awards				
Environmental Protection Agency				
Passed-through the N.C Dept of Environmental Quality				
Stormwater (SW) ARPA - Const Grants	21.027	SRP-SW-ARP-0026	$ 282,158	$ -
Black Mountain Stormwater LASII Planning	21.027	SRP-SW-ARP-0055	191,200	-
Total Environmental Protection Agency			473,358	-
U.S. Department of Transporation				
Federal Highway Administration				
Passed-through the N.C Department of Transportation:				
Highway Planning and Construction	20.205	EB-5547A	229,540	-
U.S. Department of Homeland Security				
Passed through the N.C. Department of Public Safety				
Emergency Management Performance Grant - Hurricane Helene	97.036		968,546	11,987
Total Federal awards			1,671,444	11,987
State Awards				
N. C. Department of Transportation:				
Powell Bill		DOT-4; 32570	-	241,503
Office of State Budget and Management				
Regional Economic Development Reserve		12391	-	32,092
N.C. Department of State Treasurer				
Statewide Cashflow Loan Program			-	705,703
Total State awards			-	979,298
Total Federal and State awards			$ 1,671,444	$ 991,285

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

1. Basis of Presentation
The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of the Town of Black Mountain under the programs of the federal government and the State of North Carolina for the year ended June 30, 2025. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Black Mountain, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Black Mountain.

2. Summary of Significant Accounting Policies
Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town of Black Mountain has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

2. Loans Outstanding
The Town of Black Mountain had the following loan balance outstanding at June 30, 2025 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2025 consist of:

Program Title	State/Pass-through Grantor's Number	Amount Outstanding
Statewide Cashflow Loan Program	DST-1	$ 705,703