

# **TOWN OF BEECH MOUNTAIN, NORTH CAROLINA**

## **FINANCIAL STATEMENTS**

**JUNE 30, 2025**

### **Town Council Members**

**Weidner Abernethy, Mayor**  
**Kelly Melang, Vice-mayor**  
**Art Beckmann**  
**M.W. Stanford**  
**Alan Villanova**

### **Administrative and Financial Staff**

**Robert Pudney, Town Manager**  
**Steve Smith, Finance Officer**

Misty D Watson, CPA, PA  
PO Box 2122  
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**Town of Beech Mountain, North Carolina**

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Independent Auditor's Report

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

**Report on the Audit of Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Beech Mountain, North Carolina as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Beech Mountain's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Beech Mountain as of June 30, 2025, and the respective changes in financial position, and cash flows thereof and the respective budgetary comparison for the General Fund, Capital Project Fund Town Hall and the annually budgeted special revenue funds, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under 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 Beech 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. The financial statements of Town of Beech Mountain Tourism Development Authority were not audited in accordance with *Governmental Auditing Standards*.

***Responsibilities of Management for the Audit of the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 raises substantial doubt about the Town of Beech Mountain's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Beech Mountain'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 of Beech Mountain'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 Management's Discussion and Analysis on pages 4 through 12, and Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 56 through 57, and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 54 through 55, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the 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 consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

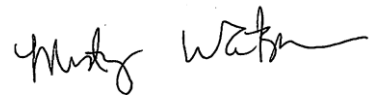
#### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Beech Mountain'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. In our opinion, based on our audit, the procedures performed as described above, the combining and 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 Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 12, 2026 on our consideration of the Town of Beech 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 that 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 the effectiveness of Town of Beech Mountain's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance

with *Government Auditing Standards* in considering Town of Beech Mountain's internal control over financial reporting and compliance.

A handwritten signature in black ink, appearing to read "Mandy Watson". The signature is written in a cursive style with a long horizontal flourish at the end.

Boone, NC  
February 12, 2026

Management's Discussion and Analysis  
Town of Beech Mountain

As management of the Town of Beech Mountain, we offer readers of the Town of Beech Mountain's financial statements this narrative overview and analysis of the financial activities of the Town of Beech Mountain for the fiscal year ended June 30, 2025. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town of Beech Mountain's financial statements, which follow this narrative.

**Financial Highlights**

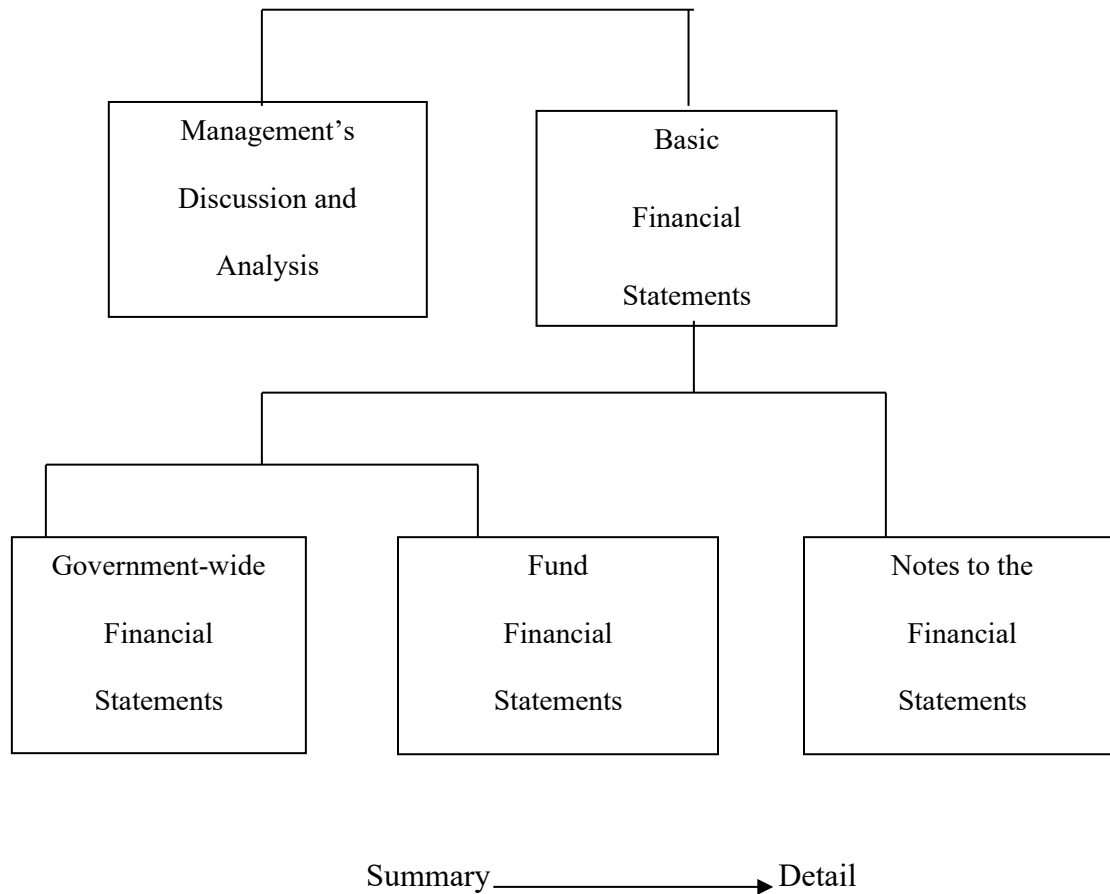
- The assets and deferred outflows of resources of the Town of Beech Mountain exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$33,620,524 (net position).
- The government's total net position decreased by \$2,366,588 primarily due to Hurricane Helene expenditures awaiting to be reimbursed from FEMA and the State of North Carolina.
- As of the close of the current fiscal year, the Town of Beech Mountain's governmental funds reported combined ending fund balances of \$11,294,742, a net change of \$3,037,307 in fund balance. Approximately 33 percent of this total amount, or \$3,717,455, is nonspendable, assigned, or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,209,753 or 67 percent of total general fund expenditures for the fiscal year.

**Overview of the Financial Statements**

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

## Required Components of Annual Financial Report

Figure 1



### Basic Financial Statements

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

The next statements (Exhibits 3 through 8) 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 three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

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

## **Government-wide Financial Statements**

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

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

The government-wide statements are divided into three categories: 1) governmental activities, 2) business-type activities, and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer and sanitation services offered by the Town of Beech Mountain. The final category is the component unit. Although legally separate from the Town, the Beech Mountain Tourism Development Authority is important to the Town because the Town exercises control over the Authority Board by appointing its members and because the Authority operates within the Town's boundaries for the benefit of the Town's residents.

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

## **Fund Financial Statements**

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

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

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

**Proprietary Funds** – The Town of Beech 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. The Town of Beech Mountain uses enterprise funds to account for its water and sewer activity and sanitation operations. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 22-53 of this report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Beech Mountain’s progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 54 of this report.

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

## Government-Wide Financial Analysis

### The Town of Beech Mountain’s Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Assets:</b>						
Current and other assets	\$12,496,375	\$ 9,090,013	\$ 4,640,138	\$ 4,889,578	\$ 17,136,513	\$ 13,979,591
Capital assets, net	14,148,097	14,550,669	25,591,384	25,456,257	39,739,481	40,006,926
<b>Total Assets</b>	<b>26,644,472</b>	<b>23,640,682</b>	<b>30,231,522</b>	<b>30,345,835</b>	<b>56,875,994</b>	<b>53,986,517</b>
<b>Total Deferred Outflows</b>	<b>1,300,970</b>	<b>1,498,354</b>	<b>396,967</b>	<b>450,723</b>	<b>1,697,937</b>	<b>1,949,077</b>
<b>Liabilities:</b>						
Other liabilities	1,353,352	937,219	2,518,474	1,690,756	3,871,826	2,627,975
Long-term liabilities	10,471,803	6,886,477	10,449,747	10,120,459	20,921,550	17,006,936
<b>Total Liabilities</b>	<b>11,825,155</b>	<b>7,823,696</b>	<b>12,968,221</b>	<b>11,811,215</b>	<b>24,793,376</b>	<b>19,634,911</b>
<b>Total Deferred Inflows</b>	<b>152,927</b>	<b>140,363</b>	<b>7,104</b>	<b>7,574</b>	<b>160,031</b>	<b>147,937</b>
<b>Net Position:</b>						
Net investments in capital assets	10,000,181	10,030,036	15,439,620	15,617,068	25,439,801	25,647,104
Restricted	1,186,097	1,151,022	-	-	1,186,097	1,151,022
Unrestricted	4,781,082	5,993,919	2,213,544	3,360,701	6,994,626	9,354,620
<b>Total Net Position</b>	<b>\$15,967,360</b>	<b>\$17,174,977</b>	<b>\$ 17,653,164</b>	<b>\$18,977,769</b>	<b>\$ 33,620,524</b>	<b>\$ 36,152,746</b>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Beech Mountain exceeded liabilities and deferred inflows by \$33,620,524 at June 30, 2025. The Town's net position decreased by \$2,366,588 for the fiscal year ended June 30, 2025. However, the largest portion (75.7%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Beech Mountain uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Beech Mountain's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Beech Mountain's net position, \$1,186,097, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,994,626 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 96.8%.

### Town of Beech Mountain's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenues:</b>						
Program Revenues:						
Charges for services	\$ 242,938	\$ 266,147	\$ 5,031,402	\$ 4,839,818	\$ 5,274,340	\$ 5,105,965
Operating grants and contributions	3,714,324	610,003	-	-	3,714,324	610,003
Capital grants and contributions	309,778	-	3,092,564	1,747,028	3,402,342	1,747,028
General Revenues:						
Property taxes	6,847,003	6,677,573	-	-	6,847,003	6,677,573
Other taxes	4,874,924	3,689,953	-	-	4,874,924	3,689,953
Miscellaneous	473,845	214,413	-	-	473,845	214,413
Sale of capital assets	16,450	33,047	-	(72,711)	16,450	(39,664)
Investment earnings, unrestricted	435,377	498,405	72,833	79,690	508,210	578,095
<b>Total Revenues</b>	<b>16,914,639</b>	<b>11,989,541</b>	<b>8,196,799</b>	<b>6,593,825</b>	<b>25,111,438</b>	<b>18,583,366</b>
<b>Expenses:</b>						
General government	8,947,826	2,865,267	-	-	8,947,826	2,865,267
Public safety	3,459,736	3,044,942	-	-	3,459,736	3,044,942
Transportation	3,865,545	3,772,807	-	-	3,865,545	3,772,807
Cultural and recreation	1,560,443	1,255,147	-	-	1,560,443	1,255,147
Interest on long-term debt	146,905	142,526	-	-	146,905	142,526
Sanitation	-	-	840,452	961,667	-	961,667
Water and sewer	-	-	8,657,119	3,525,553	8,657,119	3,525,553
<b>Total Expenses</b>	<b>17,980,455</b>	<b>11,080,689</b>	<b>9,497,571</b>	<b>4,487,220</b>	<b>27,478,026</b>	<b>15,567,909</b>
Change in Net Position	(1,065,816)	908,852	(1,300,772)	2,106,605	(2,366,588)	3,015,457
Net position, beginning as previously reported	17,174,977	15,418,801	18,977,769	17,204,514	36,152,746	32,623,315
Prior period adjustment	(141,801)	847,324	(23,833)	(333,350)	(165,634)	513,974
Net position, beginning, as restated	17,033,176	16,266,125	18,953,936	16,871,164	35,987,112	33,137,289
Net position, June 30	<u>\$15,967,360</u>	<u>\$17,174,977</u>	<u>\$ 17,653,164</u>	<u>\$18,977,769</u>	<u>\$ 33,620,524</u>	<u>\$ 36,152,746</u>

**Governmental activities** - Governmental activities decreased the Town's net position by \$1,065,816. Key elements of this decrease are as follows:

- The Town incurred Hurricane related expenditures over revenues.

**Business-type activities** - Business-type activities decreased the Town of Beech Mountain's net position by \$1,300,772. Key elements of this are as follows:

- The Water and Sewer Fund had an impairment of infrastructure due to Hurricane Helene damage.

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

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

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

The general fund is the chief operating fund of the Town of Beech Mountain. At the end of the current fiscal year, the Town of Beech Mountain's fund balance available in the General Fund was \$8,209,753, while total fund balance reached \$9,176,667. The Town currently has an available fund balance of 67 percent of general fund expenditures.

At June 30, 2025, the governmental funds of the Town of Beech Mountain reported a combined fund balance of \$11,294,742, with a net increase in fund balance of \$3,037,307. Included in this change in fund balance are increases/(decreases) in fund balance in both the General, Hurricane Helene Fund, and Special Revenue Funds.

**General Fund Budgetary Highlights** - During the fiscal year, the Town did revise 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 became necessary to maintain services.

**Proprietary Funds** - The Town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$1,806,214 and \$407,330 for the Sanitation Fund. The total change in net position for both funds was (\$1,338,175) and \$37,403 respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town's business-type activities.

### **Capital Asset and Debt Administration**

**Capital assets** – The Town of Beech Mountain's investment in capital assets for its governmental and business-type activities as of June 30, 2025, totals \$39,739,481 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, vehicles, infrastructure, water facilities, and sewer facilities.

Major capital asset transactions during the year include the following:

- Continued renovations of Town Hall
- Continued water and sewer projects
- Equipment for Sanitation
- Hurricane Helen infrastructure repair/replacement
- Various vehicles and equipment in the general fund

**Town of Beech Mountain’s Capital Assets**  
**Figure 4**  
**(net of depreciation)**

	Governmental		Business-Type		Total	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Land	\$ 1,042,736	\$ 1,042,736	\$ 765	\$ 765	\$ 1,043,501	\$ 1,043,501
Construction in progress	2,625,907	1,936,200	9,016,818	4,062,754	11,642,725	5,998,954
Infrastructure	2,513,381	2,410,297	-	-	2,513,381	2,410,297
Buildings and systems	7,975,196	7,975,196	1,925,543	1,925,543	9,900,739	9,900,739
Improvements	3,261,623	3,257,223	4,794	4,794	3,266,417	3,262,017
Vehicles	3,883,371	3,312,663	1,431,337	1,391,850	5,314,708	4,704,513
Machinery and equipment	3,359,093	3,216,003	1,032,038	981,266	4,391,131	4,197,269
Right-to-use assets	1,119,512	-	-	-	1,119,512	-
Water facilities	-	-	17,757,691	17,757,691	17,757,691	17,757,691
Sewer facilities	-	-	10,550,103	10,438,854	10,550,103	10,438,854
Total	25,780,819	23,150,318	41,719,089	36,563,517	67,499,908	59,713,835
Less accumulated depreciation	(11,632,722)	(9,669,325)	(16,127,705)	(11,107,260)	(27,760,427)	(20,776,585)
Net capital assets	<u>\$14,148,097</u>	<u>\$13,480,993</u>	<u>\$ 25,591,384</u>	<u>\$25,456,257</u>	<u>\$ 39,739,481</u>	<u>\$ 38,937,250</u>

Additional information on the Town’s capital assets can be found in note 3 of the Basic Financial Statements.

**Town of Beech Mountain’s Outstanding Debt** – As of June 30, 2025, the Town of Beech Mountain entered into a new loan agreement with the State Treasurer for \$3,825,337 to bridge the gap in receiving reimbursements for Hurricane Helene damage in the general fund. The water and sewer drew down loan proceeds totaling \$857,217 for a sewer project.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for the Town of Beech Mountain is \$84,044,658. The Town has \$0 in bonds authorized but unissued at June 30, 2025.

	Governmental		Business-Type		Total	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Net pension liability (LGERS)	\$ 2,301,240	\$ 2,215,015	\$ 736,130	\$ 708,548	\$ 3,037,370	\$ 2,923,563
Total pension liability (LEOSSA)	348,070	339,069	-	-	348,070	339,069
Compensated absences	418,794	347,278	87,981	63,535	506,775	410,813
State Treasurer Cash Flow Loan	3,825,337	-	-	-	3,825,337	-
Right to use IT subscriptions	121,147	-	-	-	121,147	-
Right to use lease of land	853,029	-	-	-	853,029	-
State revolving loan	-	-	1,802,668	945,451	1,802,668	945,451
Revenue bonds	-	-	3,315,865	3,383,865	3,315,865	3,383,865
Installment purchases	3,173,740	3,495,244	5,033,231	5,509,873	8,206,971	9,005,117
<b>Total</b>	<b>\$11,041,357</b>	<b>\$ 6,396,606</b>	<b>\$ 10,975,875</b>	<b>\$10,611,272</b>	<b>\$ 22,017,232</b>	<b>\$ 17,007,878</b>

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

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

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

- The beauty, climate and ski resort of Beech Mountain enhances the thriving tourist industry. Beech Mountain has a permanent population of 700 but swells to approximately 20,000 during peak winter periods and 5,000 during peak summer periods. There are over 2,350 homes, nearly fifty percent are used in the short-term rental market. In addition to the Beech Mountain Ski Resort, the Beech Mountain Club offers its members and guests an 18-hole golf course, swimming pool, and tennis courts. The Town of Beech Mountain also offers a sledding hill, tennis courts, playground equipment, a paved walking area, picnic shelter, overnight tent camping and an indoor recreation center which opened in the spring of 2006. There are also numerous hiking trails on Beech Mountain, all of which make Beech Mountain a premier visitor destination.

### Budget Highlights for the Fiscal Year Ending June 30, 2026

**Governmental activities** – Total budgeted general fund revenues are expected remain stable for FY 2026. The ad valorem property tax rate will remain the same at .65 cents on each hundred dollars assessed. Local sales tax funds are expected to increase. The Town will finish the Town Hall renovation. The Town will continue to repair damage from the Hurricane.

**Business-type activities** – The budgeted expenditures for the water and sewer fund are expected to remain stable for FY 2026.

The Town is continuing construction of various water and sewer projects.

The Town will continue to repair damage from the Hurricane.

## **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, 403 Beech Mountain Parkway, Beech Mountain, NC 28604. The Town Hall telephone number is (828) 387-4236.

**Town of Beech Mountain**  
**Statement of Net Position**  
**June 30, 2025**

	Primary Government			Beech Mountain Tourism Development Authority
	Governmental Activities	Business-type Activities	Total	
<b>ASSETS</b>				
Current assets:				
Cash and cash equivalents	\$ 8,162,204	\$ 1,492,700	\$ 9,654,904	\$ 1,921,300
Taxes receivables (net)	314,920	-	314,920	-
Accrued interest receivable on taxes	46,608	-	46,608	-
Accounts receivable (net)	69,542	606,334	675,876	-
Due from other governments	779,634	2,177,059	2,956,693	69,542
Inventories	46,456	-	46,456	-
Prepaid expenses	40,100	12,789	52,889	-
Restricted cash and cash equivalents	3,036,911	351,256	3,388,167	-
Total current assets	12,496,375	4,640,138	17,136,513	1,990,842
Non-current assets:				
Capital assets (Note 3):				
Right-to-use lease assets	805,690	-	805,690	-
Right-to-use subscription assets	186,945	-	186,945	-
Land, non-depreciable improvements, and construction in progress	3,668,643	9,017,583	12,686,226	-
Other capital assets, net of depreciation	9,486,819	16,573,801	26,060,620	-
Total capital assets	14,148,097	25,591,384	39,739,481	-
Total assets	26,644,472	30,231,522	56,875,994	1,990,842
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Pension deferrals	1,300,970	396,967	1,697,937	-
Total deferred outflows of resources	1,300,970	396,967	1,697,937	-
<b>LIABILITIES</b>				
Current liabilities:				
Accounts payable and accrued liabilities	707,697	603,507	1,311,204	18,605
Due to component unit	69,542	-	69,542	-
Payable from restricted assets	-	348,057	348,057	-
NCDEQ Bridge Loan	-	1,040,782	1,040,782	-
Accrued interest	6,559	-	6,559	-
Current portion of long-term liabilities	569,554	605,169	1,174,723	-
Total current liabilities	1,353,352	2,597,515	3,950,867	18,605
Long-term liabilities:				
Net pension liability	2,301,240	736,130	3,037,370	-
Total pension liability	348,070	-	348,070	-
Due in more than one year	7,822,493	9,634,576	17,457,069	-
Total liabilities	11,825,155	12,968,221	24,445,306	18,605
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Pension deferrals	90,061	7,104	97,165	-
Unearned recreation fees	1,284	-	1,284	-
Prepaid taxes	61,582	-	61,582	-
Total deferred inflows of resources	152,927	7,104	160,031	-
<b>NET POSITION</b>				
Net investment in capital assets	10,000,181	15,439,620	25,439,801	-
Restricted for:				
Uninsured benefits	40,000	-	40,000	-
Public safety	305,739	-	305,739	-
Stabilization of State Statute	840,358	-	840,358	69,542
Tourism promotion	-	-	-	1,902,695
Unrestricted	4,781,082	2,213,544	6,994,626	-
Total net position	\$ 15,967,360	\$ 17,653,164	\$ 33,620,524	\$ 1,972,237

Town of Beech Mountain  
Statement of Activities  
For the year ended June 30, 2025

Functions/Programs	Net (Expense) Revenue and Changes in Net Position					
	Program Revenues			Primary Government		Beech Mountain
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Tourism Development Authority
<b>Primary government:</b>						
Governmental Activities:						
General government	\$ 8,947,826	\$ 38,468	\$ -	\$ (6,106,546)	\$ -	\$ (6,106,546)
Public safety	3,459,736	106,099	309,778	(3,007,549)	-	(3,007,549)
Transportation	3,865,545	-	150,867	(3,714,678)	-	(3,714,678)
Cultural and recreation	1,560,443	98,371	724,335	(737,737)	-	(737,737)
Interest on long-term debt	146,905	-	-	(146,905)	-	(146,905)
Total governmental activities	17,980,455	242,938	3,714,324	(13,713,415)	-	(13,713,415)
<b>Business-type activities:</b>						
Water and sewer	8,657,119	4,164,742	-	-	(1,399,813)	(1,399,813)
Sanitation	840,452	866,660	-	-	26,208	26,208
Total business-type activities	9,497,571	5,031,402	-	-	(1,373,605)	(1,373,605)
Total primary government	\$ 27,478,026	\$ 5,274,340	\$ 3,402,342	\$ (13,713,415)	\$ (1,373,605)	\$ (15,087,020)
<b>Component unit:</b>						
Tourism Development Authority	\$ 1,271,217	-	-	-	-	(1,271,217)
Total component unit	\$ 1,271,217	-	-	-	-	(1,271,217)
<b>General revenues:</b>						
Taxes:						
Property taxes, levied for general purpose				\$ 6,847,003	\$ -	\$ 6,847,003
Other taxes				4,874,924	-	4,874,924
Unrestricted investment earnings				435,377	72,833	508,210
Insurance proceeds				109,315	-	109,315
Gain (loss) on sale of fixed assets				16,450	-	16,450
Miscellaneous				364,530	-	364,530
Total general revenues				12,647,599	72,833	12,720,432
Change in net position				(1,065,816)	(1,300,772)	(2,366,588)
Net position, beginning before restated				17,174,977	18,977,769	36,152,746
Prior period adjustment				(141,801)	(23,833)	(165,634)
Net position, beginning, restated				17,033,176	18,953,936	35,987,112
Net position, ending				\$ 15,967,360	\$ 17,653,164	\$ 33,620,524

**Town of Beech Mountain  
Balance Sheet  
Governmental Funds  
June 30, 2025**

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total Governmental Funds</u>
	<u>General</u>	<u>Hurricane Helene Fund</u>	<u>Other Governmental Funds</u>	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 8,795,862	\$ -	\$ -	\$ 8,795,862
Receivables, net:				
Taxes	314,920	-	-	314,920
Accounts	69,542	-	-	69,542
Due from other governments	770,816	7,626	1,192	779,634
Prepaid expenses	40,100	-	-	40,100
Inventories	46,456	-	-	46,456
Restricted cash and cash equivalents	-	2,731,053	305,858	3,036,911
Total assets	<u>10,037,696</u>	<u>2,738,679</u>	<u>307,050</u>	<u>13,083,425</u>
<b>LIABILITIES</b>				
Liabilities:				
Accounts payable and accrued liabilities	413,701	293,877	633,777	1,341,355
Due to component unit	69,542	-	-	69,542
Total liabilities	<u>483,243</u>	<u>293,877</u>	<u>633,777</u>	<u>1,410,897</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Property taxes receivable	314,920	-	-	314,920
Unearned recreation fees	1,284	-	-	1,284
Prepaid taxes	61,582	-	-	61,582
Total deferred inflows of resources	<u>377,786</u>	<u>-</u>	<u>-</u>	<u>377,786</u>
<b>FUND BALANCES</b>				
Nonspendable				
Inventories	46,456	-	-	46,456
Prepaid expenses	40,100	-	-	40,100
Restricted				
Stabilization of State Statute	840,358	-	-	840,358
Public safety	-	-	305,739	305,739
General government	-	2,444,802	-	2,444,802
Uninsured claims	40,000	-	-	40,000
Unassigned	8,209,753	-	(632,466)	7,577,287
Total fund balances	<u>9,176,667</u>	<u>2,444,802</u>	<u>(326,727)</u>	<u>11,294,742</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 10,037,696</u>	<u>\$ 2,738,679</u>	<u>\$ 307,050</u>	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:				
Total Fund Balance, Governmental Funds				
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.				
Gross capital assets at historical cost	\$ 25,780,819			
Accumulated depreciation and amortization	(11,632,722)			14,148,097
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current period expenditures and therefore are inflows of resources in the funds.				
Accrued interest on debt				46,608
Deferred outflows of resources related to pensions are not reported in the funds				
Liabilities for earned revenue considered deferred				1,300,970
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.				314,920
Net Pension liability				(2,301,240)
Total Pension liability				(348,070)
Deferred inflows of resources related to pensions are not reported in the funds				
Gross long-term debt				(90,061)
Net position of governmental activities				<u>(8,392,047)</u>
				<u>\$ 15,967,360</u>

**Town of Beech Mountain**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
**For the year ended June 30, 2025**

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u> <u>Governmental</u> <u>Funds</u>
	<u>General</u> <u>Fund</u>	<u>Hurricane</u> <u>Helene</u> <u>Fund</u>	<u>Other</u> <u>Governmental</u> <u>Funds</u>	
<b>REVENUES</b>				
Ad valorem taxes	\$ 6,747,822	\$ -	\$ -	\$ 6,747,822
Other taxes and licenses	1,318,750	-	-	1,318,750
Unrestricted intergovernmental	3,556,174	-	-	3,556,174
Restricted intergovernmental	150,867	2,802,812	4,180	2,957,859
Permits and fees	106,099	-	-	106,099
Sales and services	136,839	-	-	136,839
Investment earnings	425,042	7,340	2,995	435,377
Miscellaneous	1,068,779	-	362,000	1,430,779
Total revenues	<u>13,510,372</u>	<u>2,810,152</u>	<u>369,175</u>	<u>16,689,699</u>
<b>EXPENDITURES</b>				
Current:				
General government	4,240,753	4,461,865	689,707	9,392,325
Public safety	3,310,412	-	393,397	3,703,809
Transportation	2,844,993	-	-	2,844,993
Cultural and recreation	1,303,548	-	-	1,303,548
Debt service:				
Principal retirement	372,717	-	-	372,717
Interest and other charges	147,965	-	-	147,965
Total expenditures	<u>12,220,388</u>	<u>4,461,865</u>	<u>1,083,104</u>	<u>17,765,357</u>
Excess (deficiency) of revenues over expenditures	<u>1,289,984</u>	<u>(1,651,713)</u>	<u>(713,929)</u>	<u>(1,075,658)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Gain (loss) from sale of fixed assets	16,450	-	-	16,450
Insurance proceeds	-	271,178	-	271,178
Cash Flow Loan proceeds	-	3,825,337	-	3,825,337
Transfer to Capital Project - Town Hall	(90,000)	-	-	(90,000)
Transfer from General Fund	-	-	93,205	93,205
Transfer to Emergency Telephone System	(3,205)	-	-	(3,205)
Total other financing sources (uses)	<u>(76,755)</u>	<u>4,096,515</u>	<u>93,205</u>	<u>4,112,965</u>
Net change in fund balance	<u>1,213,229</u>	<u>2,444,802</u>	<u>(620,724)</u>	<u>3,037,307</u>
Fund balances, beginning	7,963,438	-	293,997	8,257,435
Fund balances, ending	<u>\$ 9,176,667</u>	<u>\$ 2,444,802</u>	<u>\$ (326,727)</u>	<u>\$ 11,294,742</u>

**Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balance to the Statement  
of Activities  
Governmental Funds  
For the year ended June 30, 2025**

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

Net changes in fund balances - total governmental funds	\$	3,037,307
<p>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 exceed depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	1,556,646	
Depreciation and amortization expense for governmental assets	(1,039,937)	516,709
Impairment of fixed assets		(919,280)
<p>Contributions to the pension plan in the current fiscal year are not included in the Statement of Activities</p>		
		640,616
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		96,228
Change in accrued interest receivable on taxes		2,949
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. The amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments on long-term debt		372,717
New long-term debt issued		(3,825,337)
Accrued interest payable		1,060
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Pension expense		(917,269)
Compensated absences		(71,516)
Net position of governmental activities	\$	(1,065,816)

**Town of Beech Mountain**  
**Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual**  
**General Fund and Annually Budgeted Major Special Revenue Fund**  
**For the Year Ended June 30, 2025**

<b>General Fund</b>				
	<b>Original</b>	<b>Final</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues:</b>				
Ad valorem taxes	\$ 6,962,219	6,786,364	6,747,822	\$ (38,542)
Other taxes and licenses	1,261,000	1,316,000	1,318,750	2,750
Unrestricted intergovernmental	3,480,771	3,054,954	3,556,174	501,220
Restricted intergovernmental	135,000	136,000	150,867	14,867
Permits and fees	81,000	81,000	106,099	25,099
Sales and services	117,000	103,000	136,839	33,839
Investment earnings	50,000	424,594	425,042	448
Miscellaneous	675,000	883,336	1,068,779	185,443
Total revenues	12,761,990	12,785,248	13,510,372	725,124
<b>Expenditures:</b>				
Current:				
General government	3,713,676	3,889,253	4,240,753	(351,500)
Public safety	3,289,804	3,457,393	3,310,412	146,981
Transportation	3,682,303	4,071,031	2,844,993	1,226,038
Cultural and recreation	1,071,804	1,334,365	1,303,548	30,817
Debt service:				
Principal retirement	322,743	372,526	372,717	(191)
Interest and other charges	91,555	147,965	147,965	-
Total expenditures	12,171,885	13,272,533	12,220,388	1,052,145
Revenues over (under) expenditures	590,105	(487,285)	1,289,984	1,777,269
<b>Other financing sources (uses):</b>				
Gain (loss) sale of fixed assets	25,000	50,000	16,450	(33,550)
Transfer to Capital Project - Town Hall	(595,600)	(90,000)	(90,000)	-
Transfer from Police Special Revenue Fund	10,500	-	-	-
Transfer to Emergency Telephone System	-	(3,205)	(3,205)	-
Total other financing sources (uses)	(560,100)	(43,205)	(76,755)	(33,550)
Fund balance appropriated	(30,005)	530,490	-	(530,490)
Net change in fund balance	\$ -	\$ -	1,213,229	\$ 1,213,229
Fund balances, beginning			7,963,438	
Fund balances, ending			\$ 9,176,667	

**Town of Beech Mountain  
Statement of Fund Net Position  
Proprietary Funds  
June 30, 2025**

	<b>Major Enterprise Funds</b>		
	<b>Sanitation</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 482,320	\$ 1,010,380	\$ 1,492,700
Restricted cash and cash equivalents	-	351,256	351,256
Accounts receivable (net)	95,115	511,219	606,334
Prepaid expenses	5,944	6,845	12,789
Due from other governments	-	2,177,059	2,177,059
Total current assets	<u>583,379</u>	<u>4,056,759</u>	<u>4,640,138</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress	-	9,017,583	9,017,583
Other capital assets, net of depreciation	684,809	15,888,992	16,573,801
Capital assets	<u>684,809</u>	<u>24,906,575</u>	<u>25,591,384</u>
Total noncurrent assets	<u>684,809</u>	<u>24,906,575</u>	<u>25,591,384</u>
Total assets	<u>1,268,188</u>	<u>28,963,334</u>	<u>30,231,522</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	158,310	238,657	396,967
Total deferred outflows of resources	<u>158,310</u>	<u>238,657</u>	<u>396,967</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	6,530	596,977	603,507
Liabilities payable from restricted assets	-	348,057	348,057
NCDEQ Bridge loan	-	1,040,782	1,040,782
Long-term debt, current	110,469	494,700	605,169
Total current liabilities	<u>116,999</u>	<u>2,480,516</u>	<u>2,597,515</u>
Noncurrent liabilities:			
Net pension liability	293,568	442,562	736,130
Long-term debt, noncurrent	512,703	9,121,873	9,634,576
Total noncurrent liabilities	<u>806,271</u>	<u>9,564,435</u>	<u>10,370,706</u>
Total liabilities	<u>923,270</u>	<u>12,044,951</u>	<u>12,968,221</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	2,833	4,271	7,104
<b>NET POSITION</b>			
Net investment in capital assets	93,065	15,346,555	15,439,620
Unrestricted	407,330	1,806,214	2,213,544
Total net position	<u>\$ 500,395</u>	<u>\$ 17,152,769</u>	<u>\$ 17,653,164</u>

**Town of Beech Mountain**  
**Statement of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Funds**  
**For the Year Ended June 30, 2025**

	<b>Major Enterprise Funds</b>		
	<b>Sanitation Fund</b>	<b>Water and Sewer Fund</b>	<b>Total</b>
<b>OPERATING REVENUES</b>			
Charges for services	\$ 720,673	\$ 3,739,825	\$ 4,460,498
Recycling revenue	145,853	-	145,853
Water and sewer tap fees	-	92,000	92,000
Availability fees	-	275,977	275,977
Other operating revenues	134	56,940	57,074
Total operating revenues	<u>866,660</u>	<u>4,164,742</u>	<u>5,031,402</u>
<b>OPERATING EXPENSES</b>			
Administration	-	511,452	511,452
Water treatment and distribution	-	1,373,321	1,373,321
Waste collection and treatment	-	363,600	363,600
Taps and systems maintenance	-	248,262	248,262
Sanitation	725,509	-	725,509
Depreciation	99,627	742,240	841,867
Total operating expenses	<u>825,136</u>	<u>3,238,875</u>	<u>4,064,011</u>
<b>Operating income (loss)</b>	<u>41,524</u>	<u>925,867</u>	<u>967,391</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Investment earnings	11,195	61,638	72,833
Restricted intergovernmental	-	3,092,564	3,092,564
Impairment of assets	-	(4,363,176)	(4,363,176)
Hurricane Helene expenditures	-	(842,593)	(842,593)
Interest and other charges	(15,316)	(212,475)	(227,791)
Total nonoperating revenues (expenses)	<u>(4,121)</u>	<u>(2,264,042)</u>	<u>(2,268,163)</u>
Change in net position	37,403	(1,338,175)	(1,300,772)
Total net position, beginning	<u>465,291</u>	<u>18,512,478</u>	<u>18,977,769</u>
Prior period adjustment	(2,299)	(21,534)	(23,833)
	<u>462,992</u>	<u>18,490,944</u>	<u>18,953,936</u>
Total net position, ending	<u>\$ 500,395</u>	<u>\$ 17,152,769</u>	<u>\$ 17,653,164</u>

**Town of Beech Mountain**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**For the Year Ended June 30, 2025**

	<b>Major Enterprise Funds</b>		
	<b>Sanitation Fund</b>	<b>Water and Sewer Fund</b>	<b>Totals</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Cash received from customers	\$ 836,738	\$ 3,925,672	\$ 4,762,410
Cash paid for goods and services	(152,721)	(1,362,215)	(1,514,936)
Cash paid to or on behalf of employees for services	(452,187)	(980,037)	(1,432,224)
Customer deposits (net)	-	34,215	34,215
Net cash provided (used) by operating activities	<u>231,830</u>	<u>1,617,635</u>	<u>1,849,465</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>			
Acquisition and construction of capital assets	(8,509)	(5,666,697)	(5,675,206)
Loan proceeds	-	857,217	857,217
Proceeds from NCDEQ loan	-	1,040,782	-
Proceeds from sale of fixed assets	-	-	-
Principal paid on bonds and notes	(91,910)	(452,732)	(544,642)
Interest paid on bonds and notes	(15,316)	(212,475)	(227,791)
Net cash provided (used) by capital and related financing activities	<u>(115,735)</u>	<u>(4,433,905)</u>	<u>(4,549,640)</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>			
Restricted intergovernmental revenues	-	3,747,815	3,747,815
Hurricane Helene expenditures	-	(842,593)	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>2,905,222</u>	<u>3,747,815</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest and dividends	11,195	61,638	72,833
Net cash provided (used) by investing activities	<u>11,195</u>	<u>61,638</u>	<u>72,833</u>
Net increase (decrease) in cash and cash equivalents	127,290	150,590	(2,627,342)
Balances, beginning	434,071	1,211,046	1,645,117
Balances, ending	<u>\$ 561,361</u>	<u>\$ 1,361,636</u>	<u>\$ 1,922,997</u>
Reconciliation of operating income to net cash provided by operating activities			
Operating income	\$ 41,524	\$ 925,867	\$ 967,391
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	99,627	742,240	841,867
Changes in assets, deferred outflows of resources, and liabilities:			
(Increase) decrease in accounts receivable	(29,926)	(239,070)	(268,996)
(Increase) decrease in prepaid expenses	(5,944)	(4,635)	(10,579)
(Increase) decrease in due from other governments	-	72,604	72,604
Increase (decrease) in accounts payable and accrued liabilities	(200)	28,808	28,608
Increase (decrease) in liabilities payable from restricted assets	-	34,215	34,215
(Increase) decrease in deferred outflows of resources - pension deferrals	21,438	32,318	-
Increase (decrease) in net pension liability	10,999	16,583	27,582
Increase (decrease) in deferred inflows of resources - pension deferrals	(187)	(283)	(470)
Increase (decrease) in compensated absences	94,499	8,988	103,487
Total adjustments	<u>190,306</u>	<u>691,768</u>	<u>882,074</u>
Net cash provided by operating activities	<u>\$ 231,830</u>	<u>\$ 1,617,635</u>	<u>\$ 1,849,465</u>

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

**Note I- Summary of Significant Accounting Policies**

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

A. Reporting Entity

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

Beech Mountain Tourism Development Authority / (Authority)

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

B. Basis of Presentation

Government-wide Statements: The statements of net position and the statement of activities display information about the primary government and its component unit. 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. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

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

The Town reports the following major governmental funds:

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

**Hurricane Helene Fund:** This fund is used to account for Hurricane Helene expenditures and reimbursement from FEMA and North Carolina and the State Treasurer's cash flow loan.

The Town reports the following non-major governmental funds:

**Fire Station Capital Project Fund:** This fund is used to account for fire station capital outlay.

**Town Hall Capital Project Fund:** This fund is used to account for the renovation of Town Hall.

**Capital Project Fire Station Fund:** This fund is used to account for public safety purchases and renovations.

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

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

The Town reports the following major enterprise funds:

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

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

The Town reports the following non-major enterprise funds:

**Capital Reserve Fund:** This fund is used to accumulate reserves for future projects.

**Water and Sewer Capital Project Fund:** Source Water Development Project: This fund is used to account for the Source Water Development project.

**Water and Sewer Capital Project Fund:** Grassy Gap Sewershed Study: This fund is used to account for the Sewershed Study at Grassy Gap.

**Water and Sewer Capital Project Fund:** Service Line Maintenance: This fund is used to account for the Sewer Line Project.

**Water and Sewer Capital Project Fund:** 2024 Skiloft Stormwater Capital Project. This fund is used to account for the Skiloft Stormwater Project.

**Town of Beech Mountain, North Carolina**  
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**Water and Sewer Capital Project Fund:** 2022 Sewer Main Improvement Project: This fund is used to account for the Sewer Main Improvement Project.

**Water and Sewer Capital Project Fund:** 2022 Water Main Improvement Project: This fund is used to account for the Water Main Improvement Project.

**Water and Sewer Capital Project Fund:** 2024 Tropical Storm Hurricane Helene Mitigation and Reconstruction: This fund is used to account for the revenues and expenditures for the Water and Sewer Fund for Hurricane Helene.

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 in which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Amounts reported as program revenues include: 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 program revenues. Likewise, general revenues include all taxes.

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

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

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

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Beech Mountain because the tax is levied by Watauga and Avery County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. 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 positions 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, the Cops Golf Tournament Special Revenue Fund, the Emergency Telephone Special Revenue Fund, and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Capital Projects Funds. The enterprise fund capital projects are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the object level for the multi-year funds. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)(8)] authorizes the Town and the Authority to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high-quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management

**Town of Beech Mountain, North Carolina**  
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Trust (NCCMT). The Town’s and Authority’s investments are reported at fair value as determined by quoted prices. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) government money market 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. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Authority considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

3. Restricted Assets

Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Police special revenue funds are restricted for public safety activities. Emergency Telephone Systems funds are restricted per NC General Statute 62A-46.

Restricted cash as of June 30, 2025 consisted of:

**Government Activities**

Police Special Revenue Fund	\$ 68,311
Hurricane Helene Cash Flow Loan	2,731,053
Emergency Telephone Special Revenue Fund	<u>237,547</u>
Total restricted cash	<u><u>\$ 3,036,911</u></u>

**Business-Type Activities**

Customer deposits	\$ 348,057
Capital project	<u>3,199</u>
Total restricted cash	<u><u>\$ 351,256</u></u>

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2024.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventory and Prepaid Items

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

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$1; buildings, improvements, infrastructure, furniture, equipment, vehicles and motorized equipment, and computer software, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

8. Right to use assets

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) or agreements where the Town reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

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.

The right to use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

right to use subscription assets should be amortized on a straight-line basis over the subscription term.

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals made in the 2025 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category- property taxes receivable, unearned recreation fees, prepaid taxes, and pension deferrals.

10. Long-Term Obligations

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

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

11. Compensated Absences

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

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. 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.

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
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12. Defined Benefit Cost-Sharing Plan

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

13. Net Position/Fund Balances

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 represents constraints on resources that are either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statutes.

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the 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

**Town of Beech Mountain, North Carolina**  
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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 Public Safety – portion of fund balance that is restricted by revenue source for certain emergency telephone system expenditures.

Restricted for General Government – portion of fund balance that is restricted by revenue source for Hurricane Helene expenditures from the State Treasurer Cash Flow Loan.

Restricted for uninsured claims – portion of fund balance that is set aside to cover uninsured claims of employees.

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

Assigned Fund Balance: portion of fund balance that Town of Beech Mountain intends to use for specific purposes.

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

The Town has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-town funds, and county 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’s in the best interest of the Town.

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

**Note II–Stewardship, Compliance and Accountability**

**Noncompliance with North Carolina General Statutes**

**Excess of Expenditures over Appropriations**

For the fiscal year ended June 30, 2025, the expenditures made in the Town’s General Fund exceeded authorized appropriations made by the governing Board for expenditures for General Government by \$351,500. The over-expenditure occurred due to sales tax reimbursement to Watauga County and the Board not budgeting adequate funds to cover the reimbursement. The Town’s Water and Sewer Fund exceeded authorized appropriations made by the governing Board for expenditures in water and sewer administration by \$122,632. The over-expenditure occurred due to the Board not budgeting adequate funds to cover water and sewer administrative expenditures.

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

**Note III– Detail Notes on All Funds**

A. Assets

1. Deposits

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

At June 30, 2025, the Town’s deposits had a carrying amount of \$213,106 and a bank balance of \$945,246. Of the bank balance, \$364,404 was covered by the 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 \$250.

At June 30, 2025, the Authority’s deposits had a carrying amount of \$307,913 and a bank balance of \$331,059. \$250,000 of the bank balance was covered by federal depository insurance.

2. Investments

At June 30, 2025, the Town had the following investments and maturities:

<u>Investment Type</u>	<u>Valuation</u>	
	<u>Measurement Method</u>	<u>Book Value at 6/30/25</u>
NC Capital Management Trust –		
Government Portfolio	Amortized Cost	\$ 12,715,833
Certificates of deposit	Cost	113,882
Total		<u>\$ 12,829,715</u>

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

**Town of Beech Mountain, North Carolina**  
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Level of fair value hierarchy: Level 1: Debt securities valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

*Interest Rate Risk.* The Town has no formal investment policy regarding interest rate risk. The Town does not have a formal investment policy. However, the Town's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

*Credit Risk.* The Town has no formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAAMf by Moody's Investors Services as of June 30, 2025.

At June 30, 2025, the Authority had the following investments and maturities:

<b>Investment Type</b>	<b>Valuation Measurement Method</b>	<b>Book Value at 6/30/25</b>
NC Capital Management Trust – Government Portfolio	Amortized Cost	\$ 1,613,387
Total		\$ 1,613,387

*Interest Rate Risk.* The Authority has no formal investment policy regarding interest rate risk. The Authority does not have a formal investment policy. However, the Authority's internal management policy requires purchases of securities to be laddered with staggered maturity dates and limits all securities to a final maturity of no more than two years.

*Credit Risk.* The Authority has no formal policy regarding credit risk, but has internal management procedures that limits the Authority's investments to the provisions of G.S. 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Authority's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAM by Standard & Poor's and AAAMf by Moody's Investors Services as of June 30, 2025.

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:

**Town of Beech Mountain, North Carolina**  
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	<u>Accounts</u>	<u>Taxes</u>	<u>Accrued Interest on Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
<b>Governmental Activities:</b>					
<b>General Fund</b>					
Property taxes	\$ -	\$ 388,450	\$ -	\$ -	\$ 388,450
Local option sales/franchise tax	-	-	-	600,950	600,950
Occupancy tax	69,542	-	-	-	69,542
Accrued interest on taxes	-	-	46,608	-	46,608
Sales tax refund	-	-	-	171,058	171,058
FEMA/NCDPS	-	-	-	7,626	7,626
Allowance for doubtful accounts	-	(73,528)	-	-	(73,528)
Total governmental activities	<u>\$ 69,542</u>	<u>\$ 314,922</u>	<u>\$ 46,608</u>	<u>\$ 779,634</u>	<u>\$ 1,210,706</u>

	<u>Accounts</u>	<u>Taxes</u>	<u>Accrued Interest on Taxes</u>	<u>Due from Other Governments</u>	<u>Total</u>
<b>Business-Type Activities:</b>					
<b>Water and sewer</b>					
Accounts Receivable	\$ 552,317	\$ -	\$ -	\$ -	\$ 552,317
Sales tax refund	-	-	-	521	521
Allowance for doubtful accounts	(41,098)	-	-	-	(41,098)
Capital grants	-	-	-	2,176,538	2,176,538
Total water and sewer fund	<u>\$ 511,219</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,177,059</u>	<u>\$ 2,688,278</u>
<b>Sanitation</b>					
Accounts Receivable	103,355	-	-	-	103,355
Allowance for doubtful accounts	(8,240)	-	-	-	(8,240)
Capital grants	-	-	-	-	-
Total sanitation fund	<u>\$ 95,115</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 95,115</u>
Total business-type activities	<u>\$ 606,334</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,177,059</u>	<u>\$ 2,783,393</u>

**Town of Beech Mountain, North Carolina**  
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4. Capital Assets

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Impairment</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>					
Non-Depreciable Assets:					
Land	\$ 1,042,736	\$ -	\$ -	\$ -	\$ 1,042,736
Construction in progress	1,936,200	689,707	-	-	2,625,907
Total capital assets not being depreciated	<u>2,978,936</u>	<u>689,707</u>	<u>-</u>	<u>-</u>	<u>3,668,643</u>
Depreciable Assets:					
Buildings	7,975,196	-	-	-	7,975,196
Other improvements	3,257,223	4,400	-	-	3,261,623
Equipment and furniture	3,216,003	188,746	45,656	-	3,359,093
Vehicles	3,312,663	570,708	-	-	3,883,371
Infrastructure	<u>2,410,297</u>	<u>103,084</u>	<u>-</u>	<u>-</u>	<u>2,513,381</u>
Total depreciable assets	<u>20,171,382</u>	<u>866,938</u>	<u>45,656</u>	<u>-</u>	<u>20,992,664</u>
Less Accumulated Depreciation:					
Buildings	2,448,978	225,715	-	152,075	2,826,768
Other improvements	708,482	181,439	-	545,676	1,435,597
Equipment and furniture	2,732,828	184,082	45,656	-	2,871,254
Vehicles	2,430,265	352,336	-	-	2,782,601
Infrastructure	<u>1,348,772</u>	<u>19,324</u>	<u>-</u>	<u>221,529</u>	<u>1,589,625</u>
Total accumulated depreciation	<u>9,669,325</u>	<u>962,896</u>	<u>45,656</u>	<u>919,280</u>	<u>11,505,845</u>
Governmental activities capital assets, net	<u>\$ 13,480,993</u>	<u>\$ (95,958)</u>	<u>\$ -</u>	<u>\$ (919,280)</u>	<u>\$ 13,155,462</u>

Assets were adjusted to reflect impairment from Hurricane Helene

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

<b>Governmental Activities:</b>	
General government	\$ 122,224
Public safety	207,969
Transportation	342,418
Cultural and recreational	290,285
Total	<u>\$ 962,896</u>

**Town of Beech Mountain, North Carolina**  
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<b>Business-type Activities:</b>	<b>Beginning</b>				<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Impairment</b>	<b>Balance</b>
<b>Water and Sewer Fund</b>					
Non-Depreciable Assets:					
Land	\$ 765	\$ -	\$ -	\$ -	\$ 765
Construction in progress	4,062,754	5,138,662	-	184,598	9,016,818
Total non-depreciable assets	4,063,519	5,138,662	-	184,598	9,017,583
Depreciable and Amortizable Assets:					
Buildings and land improvements	1,301,543	-	-	-	1,301,543
Water facilities	17,757,691	-	-	-	17,757,691
Sewer facilities	10,438,854	111,249	-	-	10,550,103
Furniture and equipment	890,480	42,263	-	-	932,743
Vehicles	817,812	39,487	-	-	857,299
Total depreciable and amortizable assets	31,206,380	192,999	-	-	31,399,379
Less Accumulated Depreciation:					
Buildings and land improvements	125,353	32,261	-	-	157,614
Water facilities	4,743,885	312,279	-	3,633,247	8,689,411
Sewer facilities	4,382,133	248,271	-	545,331	5,175,735
Furniture and equipment	678,393	64,367	-	-	742,760
Vehicles	659,805	85,062	-	-	744,867
Total accumulated depreciation	10,589,569	742,240	-	4,178,578	15,510,387
Total capital assets being depreciated, net					
<b>Water and Sewer Fund capital assets, net</b>	<b>\$ 24,680,330</b>	<b>\$ 4,589,421</b>	<b>\$ -</b>	<b>\$ 4,363,176</b>	<b>\$ 24,906,575</b>

Assets were adjusted to reflect impairment from Hurricane Helene

	<b>Beginning</b>			<b>Ending</b>
	<b>Balance</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b>
<b>Sanitation Fund</b>				
Depreciable and Amortizable Assets:				
Buildings	\$ 624,000	\$ -	\$ -	\$ 624,000
Land improvements	4,794	-	-	4,794
Equipment	90,786	8,509	-	99,295
Vehicles	574,038	-	-	574,038
Total depreciable and amortizable assets	1,293,618	8,509	-	1,302,127
Less Accumulated Depreciation:				
Buildings	46,800	15,600	-	62,400
Land improvements	3,954	120	-	4,074
Equipment	33,365	10,577	-	43,942
Vehicles	433,572	73,330	-	506,902
Total accumulated depreciation	517,691	99,627	-	617,318
Total capital assets being depreciated, net				
<b>Sanitation Fund capital assets, net</b>	<b>\$ 775,927</b>	<b>\$ (91,118)</b>	<b>\$ -</b>	<b>\$ 684,809</b>
<b>Business-Type Activities</b>	<b>\$ 25,456,257</b>			<b>\$ 25,591,384</b>

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Construction commitments

All construction projects are reported in multi-year project authorizations. See fund-level statements.

**Right to Use Leased Assets**

The Town has recorded three right to use leased assets. The assets are right to use assets for leased land and an IT subscription agreement. The related leases are discussed in the Leases subsection of the long-term obligations section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Primary Government for the year ended June 30, 2025, was as follows:

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Decreases</b>	<b>Ending Balance</b>
IT subscription	\$ 238,346	\$ -	\$ -	\$ 238,346
Leased property - land	881,166	-	-	881,166
Total right to use assets	<u>1,119,512</u>	<u>-</u>	<u>-</u>	<u>1,119,512</u>
Less accumulated amortization for:				
IT subscription	27,807	23,594	-	51,401
Leased property - land	22,029	53,447	-	75,476
Total accumulated amortization	<u>49,836</u>	<u>77,041</u>	<u>-</u>	<u>126,877</u>
<b>Right to use assets, net</b>	<u>\$ 1,069,676</u>	<u>\$ (77,041)</u>	<u>\$ -</u>	<u>\$ 992,635</u>

B. Liabilities

1. Pension Plan Obligations

a. Local Government Employees' Retirement System

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

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*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 Beech Mountain employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Beech Mountain's contractually required contribution rate for the year ended June 30, 2025, was 15.04% of compensation for law enforcement officers and 13.6% 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 Beech Mountain were \$626,243 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 \$3,037,370 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 asset was determined by an actuarial valuation as of December 31, 2024. The total pension liability was then rolled forward to the measurement date of

**Town of Beech Mountain, North Carolina**  
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June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset 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, 2024 (measurement date), the Town's proportion was 0.04506%, which was an increase of 0.00091% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of \$959,917. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 532,262	\$ 3,579
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	412,929	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	66,506	25,737
Town contributions subsequent to the measurement date	626,243	-
Total	\$ 1,637,940	\$ 29,316

\$626,243 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Years Ending June 30,**

2026	\$ 323,650
2027	600,645
2028	104,776
2029	(46,690)
Total	\$ 982,381

*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	2.5 percent
Salary increases	3.25 to 8.25 percent
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.

**Town of Beech Mountain, North Carolina**  
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The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience review for LGERS 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, 2025 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic Fixed Income	7.0%	5.3%
Inflation Sensitive	6.0%	4.3%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2024 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. All rates of return and inflation are annualized.

*Discount rate.* The discount rate used to measure the total pension liability was 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.5 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 (5.5 percent) or one percentage point higher (7.5 percent) than the current rate:

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	<b>1% Decrease (5.5%)</b>	<b>Discount Rate (6.5%)</b>	<b>1% Increase (7.5%)</b>
Town's proportionate share of the net pension liability (asset)	\$ 5,382,309	\$ 3,037,370	\$ 1,108,336

*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

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

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

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

***Summary of Significant Accounting Policies.***

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

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

***Actuarial Assumptions***

The entry age 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

**Town of Beech Mountain, North Carolina**  
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Discount rate. The discount rate used to measure the total pension liability was 4.28%. The discount rate used to measure the total pension liability is the S&P Municipal Bond 20-Year High Grade Rate Index.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ended December 31, 2019.

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

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

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

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

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

Deaths Prior to Retirement: Mortality rates are based on the Safety Mortality Table for Employees. The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index.

*Contributions.* The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$14,373 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 \$348,070. 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 \$38,467.

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of</b>
Differences between expected and actual experience	\$ 17,540	\$ 30,275
Changes of assumptions	28,084	37,574
Town benefit payments and plan administrative expense made subsequent to the measurement date	14,373	-
Total	<u>\$ 59,997</u>	<u>\$ 67,849</u>

\$14,373 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:

2026	\$ 3,440
2027	(4,842)
2028	(14,683)
2029	(5,400)
2030	(740)
Thereafter	-
	<u>\$ (22,225)</u>

\$14,373 paid as benefits came due subsequent to the measurement date are reported as deferred outflows of resources.

*Sensitivity of the Town's total pension liability to changes in the discount rate.* The following presents the Town's total pension liability calculated using the discount rate of 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:

	<b>1% Decrease (3.28%)</b>	<b>Discount Rate (4.28%)</b>	<b>1% Increase (5.28%)</b>
Total pension liability	\$ 374,917	\$ 348,070	\$ 323,985

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

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

Beginning balance	\$ 339,069
Service Cost	16,294
Interest on the total pension liability	13,275
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	1,034
Changes of assumptions or other inputs	(7,229)
Benefit payments	(14,373)
Ending balance of the total pension liability	<u>\$ 348,070</u>

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study completed by the Actuary for the Local Government Employee's Retirement system for the 5-year period ending December 31, 2019.

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

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

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

	<u>LEOSSA</u>	<u>LGERS</u>	<u>Total</u>
Pension expense	\$ 38,467	\$ 959,917	\$ 998,384
Pension liability	348,070	3,037,370	3,385,440
Proportionate share of the net position liability	N/A	0.04506%	-

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

	<u>LEOSSA</u>	<u>LGERS</u>	<u>Total</u>
<b>Deferred Outflows of Resources:</b>			
Difference between expected and actual experience	\$ 17,540	532,262	549,802
Changes of assumptions and other inputs	28,084	-	28,084
Net difference between projected and actual earnings on pension plan investments	-	412,929	412,929
Changes in proportion and differences between contributions and proportionate share of contributions	-	66,506	66,506
Benefit payments and administrative cost paid subsequent to the measurement date	14,373	626,243	640,616
Total deferred outflows of resources	<u>\$ 59,997</u>	<u>\$1,637,940</u>	<u>\$1,697,937</u>
<b>Deferred Inflows of Resources:</b>			
Difference between expected and actual experience	\$ 30,275	\$ 3,579	\$ 33,854
Changes of assumptions and other inputs	37,574	-	37,574
Net difference between projected and actual earnings on pension plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
	-	25,737	25,737
Total deferred inflows of resources	<u>\$ 67,849</u>	<u>\$ 29,316</u>	<u>\$ 97,165</u>

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy: Article 12E of G.S. Chapter 143 requires the Town to contribute 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 \$29,948 and employees made \$23,866 for the reporting year. No amounts were forfeited.

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

d. Supplemental Retirement Income Plan for General Employees

Employees, other than law enforcement, participate in a 401 (k) plan. The Town contributes a maximum of 6.0 percent of each employee’s salary to the plan. Employees made contributions of \$195,679 and the Town contributed \$176,551 for the reporting year.

2. Other Employment Benefits

The Town has elected to provide death benefits to Law Enforcement employees through the Death Benefit Plan for members of the Local Government Employee’s Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those Law Enforcement employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits.

Lump sum death benefit payments to beneficiaries are equal to the Law Enforcement employee’s 12 highest months’ salary in a row during the 24 months prior to the employee’s death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

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

<b>Deferred Outflows of Resources:</b>	
Difference between expected and actual experience	\$ 549,802
Changes of assumptions and other inputs	28,084
Net difference between projected and actual earnings on pension plan investments	412,929
Changes in proportion and differences between contributions and proportionate share of contributions	66,506
Benefit payments and administrative cost paid subsequent to the measurement date	640,616
Total deferred outflows of resources	<u>\$ 1,697,937</u>

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable, less penalties (General Fund)	\$ -	\$ 314,920
Changes in assumptions	37,574	-
Differences between expected and actual experience	33,854	-
Net difference between projected and actual earnings on pension plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	25,737	-
Unearned recreation fees	1,284	1,284
Prepaid taxes	61,582	61,582
	\$ 160,031	\$ 377,786

4. Risk Management

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

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

The Town has no flood insurance due to lack of feasibility.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer for the Town and tax collector are individually bonded for \$1,000,000 and \$10,000, respectively.

6. Short Obligations

On November 19, 2024, the State of North Carolina Department of Environment Quality awarded a bridge loan in the amount of \$3,000,000 at zero-percent interest. The note is required to be repaid on the earlier of federal disaster relief received by the District or June 30, 2030. The proceeds from this loan were used to make emergency repairs to infrastructure in the aftermath of Hurricane Helene. The balance at June 30, 2025 was \$1,040,782.

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

7. Long-term Obligations

a. Leases

Serviced by the General Fund

The Town has entered into agreements to lease parcels of land. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of future minimum payments as of the date of their inception.

The agreement was executed in September 2023 to lease land and requires 360 monthly payments at \$4,500. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 4.6%, which is the incremental borrowing rate of the Town. As a result of the lease, the Town has recorded a right to use asset with a net book value of \$805,690 at June 30, 2025. The right to use asset is discussed in more detail in the right to use asset section of this note.

Total General Fund leases	\$853,029
	\$853,029

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 15,076	\$ 38,924	\$ 54,000
2027	15,784	38,216	54,000
2028	16,526	37,474	54,000
2029	17,302	36,698	54,000
2030	18,115	35,885	54,000
2031-2035	104,170	165,830	270,000
2036-2040	131,051	138,949	270,000
2041-2045	164,869	105,131	270,000
2046-2050	207,412	62,588	270,000
2051-2055	162,724	12,777	175,501
Total	\$ 853,029	\$ 672,472	\$ 1,525,501

b. Subscription IT agreement

For the year ended June 30, 2024 the Town implemented the requirements of GASB Statement No. 96, Subscription-Based Information Technology Arrangements (Subscriptions). The Statement provides a definition of Subscriptions and provides uniform guidance for accounting and financial reporting for such transactions. The guidance will decrease diversity in the accounting and financial reporting for these transactions, thereby, increasing comparability in financial reporting among governments. Further, the reporting of a subscription asset (a right-to-use intangible capital asset) and a subscription liability will enhance the relevance and reliability of the financial statements.

During the current year the Town entered into a new Subscription for a accounting software. The term of the agreement is five years. The Subscription does not have a stated interest rate. Accordingly, the Town's estimated incremental borrowing rate of 4.6% was used to discount the subscription payments. The initial liability for the subscription was \$238,346.

\$ 121,147

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

<u>Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 38,543	\$ 5,692	\$ 44,235
2027	40,354	3,881	44,235
2028	42,250	1,985	44,235
2029	-	-	-
2030	-	-	-
Total	<u>\$ 121,147</u>	<u>\$ 11,558</u>	<u>\$ 132,705</u>

c. Installment Purchases

Serviced by the General Fund, Water and Sewer Fund and Sanitation Fund

In July 2021, the Town entered into a direct borrowing installment note for \$920,000 to finance the purchase of vehicles and equipment. The finance contract requires five annual payments of \$191,069, plus 1.27% interest rate and matures in 2027. The note is secured by the personal property. (Governmental Activities \$198,740, Sanitation Fund \$123,744, Water and Sewer Fund \$52,498)	\$ 374,982
In May 2023, the Town entered into a direct borrowing installment note for \$550,000 to finance the renovations of Town Hall. The finance contract requires five annual payments of \$57,288 to \$76,863, plus 4.16% interest rate and matures in 2033. The note is secured by the real property. (Governmental Activities)	440,000
In August 2021, the Town entered into a direct borrowing installment note for \$2,090,717 to finance the construction of a drinking water project. The finance contract requires thirty-nine annual payments varying from \$106,470 to \$108,430, plus 1.82% interest rate and matures in 2041. The note is secured by the real property. (Water and Sewer Fund)	1,688,161
In August 2021, the Town entered into a direct borrowing installment note for \$1,881,277 to finance the construction of a sewer project. The finance contract requires thirty-nine annual payments varying from \$94,920 to \$130,384, plus 1.82% interest rate and matures in 2041. The note is secured by the real property. (Water and Sewer Fund)	1,505,021
In January 2020, the Town entered into a direct borrowing installment note for \$5,200,000 to finance the construction of a public works facility. The finance contract requires twenty annual payments varying from \$267,254 to \$405,080, plus 2.79% interest rate and matures in 2040. The note is secured by the real property. (Governmental Activities \$2,535,000 Water and Sewer Fund \$897,000, Sanitation Fund \$468,000)	3,900,000
In July 2007, the Town entered into a direct borrowing installment note for \$1,992,046 to finance a sewer project. The finance contract requires twenty annual payments varying from \$100,730 to \$122,162, plus 2.65% interest rate and matures in 2028. The note is secured by the real property. (Water and Sewer Fund)	298,807
The Town obtained a \$3,825,337 Hurricane Helene Cash Flow note issued February 28, 2025 0% interest, payable in annual installments with the final payment June 30, 2030. The annual principal payments range from \$1 to \$1,530,134. The County's outstanding note from direct borrowings related to governmental activities of \$3,825,337 is not secured by a pledge of the faith and credit of the state of North Carolina or of the County but is payable solely from the revenues of the project or benefited systems, or other available funds. The note contains provisions that an event of default would result in (1) any other monies due to the County from the state may be withheld by the state and applied to the payment of the outstanding note. The outstanding balance as of June 30, 2025 is \$3,825,337.	3,825,337
Total installment notes	<u>\$ 12,032,308</u>

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

The future minimum payments of installment purchases as of June 30, 2025 are as follows:

<u>Years Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Principal</u>	<u>Total Interest</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>		
2026	326,447	91,602	475,703	105,178	802,150	196,780
2027	702,828	83,321	481,074	95,650	1,183,902	178,971
2028	989,067	75,024	390,178	86,113	1,379,245	161,137
2029	1,371,601	68,021	290,574	77,686	1,662,175	145,707
2030	1,754,134	61,018	290,574	72,386	2,044,708	133,404
2031-2035	1,010,000	202,332	1,452,870	282,418	2,462,870	484,750
2036-2040	845,000	70,727	1,452,870	149,901	2,297,870	220,628
2041-2045	-	-	199,388	3,632	199,388	3,632
<b>Total</b>	<b>\$ 6,999,077</b>	<b>\$ 652,045</b>	<b>\$ 5,033,231</b>	<b>\$ 872,964</b>	<b>\$ 12,032,308</b>	<b>\$ 1,525,009</b>

d. Water and Sewer revenue Bond

Water and Sewer Series 2017 USDA revenue bonds issued May 2017 for \$4,300,000 with thirty-eight annual payments varying from \$53,000 to \$173,000, plus 3.75% interest rate and matures in 2054.

\$ 3,315,865

Calculation of Compliance:

The Bond Order requires the Town to make a calculation of compliance for the fiscal year as to the rate covenant set forth in the Bond Order. Section 5.01 of the Town’s Bond Order states the Town covenants and agrees that, subject to any applicable requirements of law or regulations, it will fix service charges and from time to time revise such service charges in such manner that the net revenues for each fiscal year shall not be less than 110% of the debt service requirement for such fiscal year, not less than 100% of the amount necessary to pay annual debt service obligations on subordinated indebtedness, if any and not less than 100% of the amount necessary to meet annual debt service obligations coming due in the fiscal year with respect to the Town’s general obligation bonds and installment financing obligations, if any, used to finance system improvements. For the 2025 fiscal year the 110% of the debt service requirement was \$217,069 and 100% of the amount necessary to pay annual debt service obligations on subordinated indebtedness was \$673,793, for a total of \$893,862. Net revenues were \$1,828,214.

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

The future minimum payments of revenue bonds as of June 30, 2025 are as follows:

<u>Years Ending</u> <u>June 30,</u>	<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	71,000	126,866
2027	73,000	124,470
2028	75,000	122,006
2029	78,000	119,475
2030	81,000	119,475
2031-2035	445,000	541,519
2036-2040	526,000	461,128
2041-2045	621,000	366,186
2046-2050	734,000	254,003
2051-2055	611,865	93,955
Total	<u>\$ 3,315,865</u>	<u>\$ 2,329,083</u>

e. State Revolving Loan

During fiscal year 2025, the Town's water and sewer fund received \$857,217 in proceeds from the direct borrowing Drinking Water State Revolving Fund. The loan carries an interest rate of 1.1% and is payable over twenty years. The total approved loan amount is approximately \$4,045,526. Final amounts for the loan will be determined when the project is completed, and repayments will begin six months after the estimate project completion dates. In the event of a default, the Town agrees to pay the purchaser, on demand, interest on any and all amounts due and owing by the Town under the related agreements. No payments were made in fiscal year 2025. At June 30, 2025, the Town had \$1,802,668 outstanding.

At June 30, 2025, the Town of Beech Mountain had a legal debt margin of \$84,044,658.

d. Changes in Long-term Liabilities

	<u>Beginning</u>			<u>Ending</u>	<u>Current</u>
	<u>Balance, restated</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u>	<u>Portion of</u>
					<u>Balance</u>
<b>Governmental Activities:</b>					
Installment purchases-direct borrowings	\$ 3,495,244	\$ -	\$ 321,504	\$ 3,173,740	\$ 326,447
State Treasurer Cash Flow Loan	-	3,825,337	-	3,825,337	1
Right to use lease of land	867,428	-	14,399	853,029	15,075
Right to use IT subscriptions	157,961	-	36,814	121,147	38,543
Net pension liability (LGERS)	2,215,015	86,225	-	2,301,240	-
Total pension liability (LEOSSA)	339,069	9,001	-	348,070	-
Compensated absences	347,278	71,516	-	418,794	189,488
Total	<u>\$ 7,421,995</u>	<u>\$ 3,992,079</u>	<u>\$ 372,717</u>	<u>\$ 11,041,357</u>	<u>\$ 569,554</u>

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

<b>Business-Type Activities:</b>	<b>Beginning</b>			<b>Ending</b>	<b>Current</b>
	<b>Balance, restated</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance</b>	<b>Portion of</b>
					<b>Balance</b>
<b>Water and Sewer Fund:</b>					
Installment purchases-direct borrowings	\$ 4,826,219	\$ -	\$ 384,732	\$ 4,441,487	\$ 384,873
Revenue bond	3,383,865	-	68,000	3,315,865	71,000
State revolving loan	945,451	857,217		1,802,668	-
Net pension liability (LGERS)	425,979	16,583	-	442,562	-
Compensated absences liabilities	47,565	8,988	-	56,553	38,827
	<u>\$ 9,629,079</u>	<u>\$ 882,788</u>	<u>\$ 452,732</u>	<u>\$ 10,059,135</u>	<u>\$ 494,700</u>
<b>Sanitation:</b>					
Installment purchases-direct borrowings	\$ 683,654	\$ -	\$ 91,910	\$ 591,744	\$ 90,830
Net pension liability (LGERS)	282,569	10,999	-	293,568	-
Compensated absences liabilities	15,970	15,458	-	31,428	19,639
	<u>\$ 982,193</u>	<u>\$ 26,457</u>	<u>\$ 91,910</u>	<u>\$ 916,740</u>	<u>\$ 110,469</u>
<b>Total Business-Type Activities</b>	<u>\$ 10,611,272</u>			<u>\$ 10,975,875</u>	

f. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2025, consist of the following:

**Governmental Activities:**

Transfer from the General Fund to Capital Projects - Town Hall	\$ 90,000
Transfer from the General Fund to Emergency 911 Fund	3,205
	<u>\$ 93,205</u>

**Business-Type Activities:**

Transfer to the Source Water Development Capital Project from the Water and Sewer Fund	\$ 134,703
Transfer to capital reserve from the Water and Sewer Fund	275,977
	<u>\$ 410,680</u>

g. Net Investment in Capital Assets

	<b>Governmental</b>	<b>Business-Type</b>
	<b>Activities</b>	<b>Activities</b>
Capital assets	\$ 14,148,097	\$ 25,591,384
Long-term debt	4,147,916	10,151,764
Net investment in capital assets	<u>\$ 10,000,181</u>	<u>\$ 15,439,620</u>

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

h. Fund Balance

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

Total fund balance-General Fund	<u>\$ 9,176,667</u>
Less:	
Inventories	46,456
Prepaid expenses	40,100
Stabilization by State Statute	840,358
Uninsured claims	40,000
Remaining Fund Balance	8,209,753

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

**Note IV- Related Party Transactions and Commitments**

On July 9, 1996, the Town entered into a contractual agreement with the Beech Mountain Volunteer Fire Department which expresses the intent of the Town to support the Fire Department financially in return for adequate fire protection for all property located within the Beech Mountain Fire District. The agreement requires the Town to pay at least \$25,210 to the Fire Department annually as of January 1 each year beginning with 1997 and ending in the year 2005. The agreement is automatically renewable each year unless terminated in writing by either party. During the year ended June 30, 2024, the Town paid \$32,000 to the Fire Department in accordance with the terms of this agreement.

The Town entered into an agreement with the Beech Mountain Volunteer Fire Department in January 2014 to provide fire and emergency services within the corporate limits of the Town beginning July 1, 2019 and ending June 30, 2029. The Town did not assume responsibility for the obligations of the outstanding loans; however, paid \$43,224 to the Beech Mountain Volunteer Fire Department to pay principal and interest.

**Note V- Subsequent Events**

The Town has evaluated all subsequent events for potential recognition and disclosure through February 12, 2026, the date these financial statements were available to be issued.

The Town experienced damage from Hurricane Helene in September 2024. The Town has assessed thus far:

- Major Damage to various town Streets
- Major Damage to Shane Park and Shane Park Bathrooms
- Damage to Pond Creek Sewer Plant
- Major reduction of volume due to debris in Buckeye Lake the towns reservoir
- Damage to Buckeye Lake Dam and Spillway
- Total damage estimate is \$30,000,000

The Town has been working closely with the State of North Carolina, FEMA and the insurance provider and expects 100% reimbursement for these damages.

**Town of Beech Mountain, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

**Note VI- Restatement and Prior Period Adjustment**

The Town implemented Government Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, July 1, 2024. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As a result, the Town recognized an additional \$165,634 in compensated absences for sick leave as of June 30, 2024, resulting in a decrease in beginning net position of the same amount.

**Note VII -Summary Disclosure of Significant Contingencies**

Federal and State Assisted Programs

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

**TOWN OF BEECH MOUNTAIN  
TOWN OF BEECH MOUNTAIN'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)  
REQUIRED SUPPLEMENTARY INFORMATION  
LAST TEN FISCAL YEARS**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Local Government Employees' Retirement System</b>										
Beech Mountain's proportion of the net pension liability (asset) (%)	0.04506%	0.04414%	0.04546%	0.03936%	0.03636%	0.03643%	0.03712%	0.03956%	0.03956%	0.03800%
Beech Mountain's proportion of the net pension liability (asset) (\$)	\$3,037,370	\$2,923,563	\$2,564,593	\$603,623	\$1,299,298	\$994,875	\$ 880,613	\$ 604,367	\$ 806,487	\$ 155,018
Beech Mountain's covered-employee payroll	\$4,142,849	\$4,002,379	\$3,473,873	\$3,040,462	\$2,818,656	\$2,563,363	\$ 2,308,645	\$ 2,432,257	\$ 2,436,264	\$ 2,436,264
Beech Mountain's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	73.32%	73.05%	73.83%	19.85%	46.10%	38.81%	38.14%	24.85%	33.10%	6.36%
Plan fiduciary net position as a percentage of the total pension liability	83.03%	82.49%	90.70%	95.51%	88.61%	91.63%	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 employees in the LGERS plan.

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

	Local Government Employees' Retirement System										
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 626,243	\$ 539,128	\$ 486,120	\$ 315,894	\$ 245,346	\$ 234,499	\$ 202,035	\$ 177,308	\$ 176,758	\$ 154,696	\$ 153,802
Contributions in relation to the contractually required contribution	626,243	539,128	486,120	315,894	245,346	234,499	202,035	177,308	176,758	154,696	153,802
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Beech Mountain's covered-employee payroll	\$4,539,435	\$4,142,849	\$ 4,002,379	\$ 3,473,873	\$ 3,040,462	\$ 2,818,656	\$2,563,363	\$2,308,645	\$2,432,257	\$2,436,264	\$2,436,264
Contributions as a percentage of covered-employee payroll	13.80%	13.01%	12.15%	9.09%	8.07%	8.32%	7.88%	7.68%	7.27%	6.35%	6.31%

**TOWN OF BEECH MOUNTAIN**  
**Schedule of changes in Total Pension Liability**  
**Law Enforcement Officers' Special Separation Allowance**

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	
Beginning balance	\$339,069	\$	\$363,944	\$405,105	\$353,743	\$231,673	\$182,642	\$190,621	\$168,068	\$
Service cost	16,294	13,181	21,921	22,674	13,424	12,266	10,502	11,086	11,129	
Interest on the total pension liability	13,275	15,376	8,953	6,691	7,553	6,569	5,952	6,424	5,563	
Differences between expected and actual experience in the measurement of the total pension liability	1,034	(46,407)	646	46,426	(1,687)	27,293	(12,046)	(5,634)	-	
Changes of assumptions or other inputs	(7,229)	7,348	(58,308)	(10,277)	102,780	7,253	(7,863)	13,983	(4,450)	
Benefit payments	(14,373)	(14,373)	(14,373)	(14,152)	-	(4,350)	(4,524)	(3,306)	-	
Ending balance of the total pension liability	\$348,070	\$339,069	\$363,944	\$405,105	\$353,743	\$231,673	\$182,642	\$190,621	\$168,068	

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

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

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

Notes to Schedule:  
Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2022 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Discount rate	4.28 percent
Salary Increases	3.25 to 7.75 percent

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

**MORTALITY ASSUMPTION**: All mortality rates use Pub-2010 amount-weighted tables.

**MORTALITY PROJECTION**: All mortality rates are projected from 2010 using generational improvements with Scale MP-2019.

**DEATHS AFTER RETIREMENT (Healthy)**: Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

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

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

**DEATHS PRIOR TO RETIREMENT**: Mortality rates are based on the Safety Mortality Table for Employees.

**TOWN OF BEECH MOUNTAIN**  
**Schedule of Total Pension Liability as a Percentage of Covered Payroll**  
**Law Enforcement Officers' Special Separation Allowance**

	June 30,									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	
Total pension liability	\$348,070	\$348,070	\$363,944	\$405,105	\$353,743	\$231,673	\$182,642	\$190,621	\$168,068	
Covered payroll	604,496	467,616	522,716	500,020	466,582	481,714	432,234	445,944	436,781	
Total pension liability as a percentage of covered payroll	57.58%	74.44%	69.63%	81.02%	75.82%	48.09%	42.26%	42.75%	38.48%	

Notes to the schedules:

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

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

\* - This schedule will build to ten years of information as the data becomes available.

**TOWN OF BEECH MOUNTAIN**  
 General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Ad valorem taxes:			
Current year		\$ 6,625,387	
Prior years		83,542	
Advertising and interest		38,893	
Total	\$ 6,786,364	6,747,822	\$ (38,542)
Other taxes and licenses			
Occupancy tax		1,165,423	
Fire district		153,327	
	<u>1,316,000</u>	<u>1,318,750</u>	<u>2,750</u>
Unrestricted intergovernmental revenues			
Utility franchise tax		486,512	
Hold harmless funds		429,936	
Beer and wine tax		2,716	
Local option sales tax		2,604,025	
Cable tv franchise sales tax		32,985	
Total	<u>3,054,954</u>	<u>3,556,174</u>	<u>501,220</u>
Restricted intergovernmental revenues			
Powell Bill allocation		150,867	
Total	<u>136,000</u>	<u>150,867</u>	<u>14,867</u>
Permits, fees and fines			
Building inspection fees		101,614	
Planning and zoning fees		4,485	
Total	<u>81,000</u>	<u>106,099</u>	<u>25,099</u>
Sales and services:			
Recreation department fees	<u>103,000</u>	<u>136,839</u>	<u>33,839</u>
Investment earnings	<u>424,594</u>	<u>425,042</u>	<u>448</u>
Other revenues			
Component unit reimbursement for salaries		114,796	114,796
Rental income		23,300	23,300
Admin fee from TDA		32,967	32,967
Transfer from TDA		724,335	724,335
Miscellaneous		160,818	160,818
Special events		12,563	12,563
Total	<u>883,336</u>	<u>1,068,779</u>	<u>185,443</u>
<b>Total Revenues</b>	<u>\$ 12,785,248</u>	<u>\$ 13,510,372</u>	<u>\$ 725,124</u>

**TOWN OF BEECH MOUNTAIN**  
 General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Expenditures:</b>			
General government:			
Administration			
Salaries and employee benefits		\$ 428,858	
Professional services		239,354	
Sales tax reimbursement		1,633,174	
Occupancy tax		1,165,379	
Other operating expenditures		200,458	
Capital outlay		500	
Total	<u>\$ 3,301,397</u>	<u>3,667,723</u>	<u>\$ (366,326)</u>
Tax collection			
Salaries and employee benefits		66,210	
Professional services		1,433	
Other operating expenditures		8,876	
Total	<u>79,687</u>	<u>76,519</u>	<u>3,168</u>
Visitors Center			
Salaries and employee benefits		298,297	
Other operating expenditures		198,214	
Total	<u>508,169</u>	<u>496,511</u>	<u>11,658</u>
Total general government	<u>3,889,253</u>	<u>4,240,753</u>	<u>(351,500)</u>
Public safety			
Police			
Salaries and employee benefits		1,369,376	
Vehicle maintenance		68,066	
Other operating expenditures		157,911	
Capital outlay		178,664	
Total	<u>1,838,854</u>	<u>1,774,017</u>	<u>64,837</u>
Fire			
Salaries and employee benefits		266,753	
Other operating expenditures		787,116	
Capital outlay		45,515	
Total	<u>1,106,991</u>	<u>1,099,384</u>	<u>7,607</u>
Inspections			
Salaries and employee benefits		226,757	
Professional services		5,590	
Other operating expenditures		16,502	
Capital outlay		39,610	
Total	<u>318,824</u>	<u>288,459</u>	<u>30,365</u>
Planning			
Salaries and employee benefits		119,168	
Other operating expenditures		17,254	
Capital outlay		12,130	
Total	<u>192,724</u>	<u>148,552</u>	<u>44,172</u>
Total public safety	<u>\$ 3,457,393</u>	<u>\$ 3,310,412</u>	<u>\$ 146,981</u>

**TOWN OF BEECH MOUNTAIN**  
 General Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Transportation			
Vehicle maintenance			
Salaries and employee benefits		\$ 138,690	
Other operating expenditures		28,163	
Total	\$ 273,206	166,853	\$ 106,353
Road maintenance			
Salaries and employee benefits		1,375,369	
Other operating expenditures		878,325	
Capital outlay		424,446	
Total	3,797,825	2,678,140	1,119,685
Total transportation	4,071,031	2,844,993	1,226,038
Cultural and recreation			
Recreation			
Salaries and employee benefits		737,434	
Professional services		30,900	
Other operating expenditures		295,276	
Capital outlay		239,938	
Total	1,334,365	1,303,548	30,817
Total culture and recreation	1,334,365	1,303,548	30,817
Principal retirement		372,717	
Interest expense		147,965	
Total debt service	520,491	520,682	(191)
<b>Total Expenditures</b>	13,272,533	12,220,388	1,052,145
Revenues over (under) expenditures	(487,285)	1,289,984	1,777,269
Other financing sources (uses):			
Transfer to Capital Project - Town Hall	(90,000)	(90,000)	-
Transfer to Emergency Telephone System	(3,205)	(3,205)	-
Gain (loss) on sale of fixed assets	50,000	16,450	(33,550)
Total other financing sources (uses)	(43,205)	(76,755)	(33,550)
Fund balance appropriated	530,490	-	(530,490)
Net change in fund balance	\$ -	1,213,229	\$ 1,213,229
Fund balances, beginning		7,963,438	
Fund balances, ending		\$ 9,176,667	

**TOWN OF BEECH MOUNTAIN**  
**Hurricane Helene Project Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years, Restated	Current Year		
<b>Revenues</b>					
Restricted intergovernmental	\$ 20,566,635	\$ -	\$ 2,802,812	\$ 2,802,812	\$ (17,763,823)
Investment earnings	-	-	7,340	7,340	7,340
<b>Total revenues</b>	<u>20,566,635</u>	<u>-</u>	<u>2,810,152</u>	<u>2,810,152</u>	<u>(17,756,483)</u>
<b>Expenditures</b>					
Category A debris removal	-	-	1,840,260	1,840,260	
Category B protective measures	-	-	2,041,165	2,041,165	
Category C roads and bridges	-	-	154,018	154,018	
Category D water control facilities	-	-	538	538	
Category F public utilities	-	-	242,722	242,722	
Category G parks and recreation	-	-	359	359	
Category Z	-	-	182,803	182,803	
<b>Total expenditures</b>	<u>20,566,635</u>	<u>-</u>	<u>4,461,865</u>	<u>4,461,865</u>	<u>16,104,770</u>
Revenues over (under) expenditures	-	-	(1,651,713)	(1,651,713)	(1,651,713)
Other financing sources and uses					
Insurance proceeds	-	-	271,178	271,178	271,178
State treasurer cash flow loan	-	-	3,825,337	3,825,337	3,825,337
<b>Total other financing sources and uses</b>	<u>-</u>	<u>-</u>	<u>4,096,515</u>	<u>4,096,515</u>	<u>4,096,515</u>
Revenues and other financings sources over (under) expenditures	\$ <u>-</u>	\$ <u>-</u>	2,444,802	\$ <u>2,444,802</u>	\$ <u>2,444,802</u>
Fund balance, beginning			-		
Fund balance, ending			\$ <u>2,444,802</u>		

**TOWN OF BEECH MOUNTAIN  
Combining Balance Sheets  
Nonmajor Governmental Funds  
June 30, 2025**

	Special Police Revenue Fund	Emergency Telephone System Fund	Capital Project Town Hall Fund	Total Nonmajor Governmental Funds
<b>Assets</b>				
Restricted cash	\$ 68,311	\$ 237,547	\$ -	\$ 305,858
Due from other governments	-	-	1,192	1,192
<b>Total assets</b>	<b>68,311</b>	<b>237,547</b>	<b>1,192</b>	<b>307,050</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	-	119	633,658	633,777
<b>Total liabilities</b>	<b>-</b>	<b>119</b>	<b>633,658</b>	<b>633,777</b>
Fund balances:				
Restricted:				
Stabilization by State Statute	-	-	-	-
Public safety	68,311	237,428	-	305,739
Unassigned	-	-	(632,466)	(632,466)
<b>Total fund balances</b>	<b>68,311</b>	<b>237,428</b>	<b>(632,466)</b>	<b>(326,727)</b>
<b>Total liabilities and fund balances</b>	<b>\$ 68,311</b>	<b>\$ 237,666</b>	<b>\$ 1,192</b>	<b>\$ 307,050</b>

**TOWN OF BEECH MOUNTAIN**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**For the Year Ended June 30, 2025**

	Cops Golf Tournament Special Revenue Fund	Emergency Telephone System Fund	Capital Project Town Hall Fund	Capital Project Fire Station Fund	Total Nonmajor Governmental Funds
Revenues:					
Donations	\$ 100	\$ -	\$ -	\$ 309,778	\$ 309,878
Restricted intergovernmental	-	4,180	-	-	4,180
Interest	-	2,995	-	-	2,995
Miscellaneous	32,030	16,662	3,430	-	52,122
Total revenues	32,130	23,837	3,430	309,778	369,175
Expenditures:					
Public safety	23,318	60,301	-	309,778	393,397
General government	-	-	689,707	-	689,707
Total expenditures	23,318	60,301	689,707	309,778	1,083,104
Revenues over (under) expenditures	8,812	(36,464)	(686,277)	-	(713,929)
Other financing sources (uses)					
Transfer to General Fund	-	-			-
Transfer from General Fund	-	3,205	90,000	-	93,205
Total other financing (uses) and sources	-	3,205	90,000	-	93,205
Net change in fund balance	8,812	(33,259)	(596,277)	-	(620,724)
Fund balance, beginning	59,499	270,687	(36,189)	-	293,997
Fund balance, ending	\$ 68,311	\$ 237,428	\$ (632,466)	\$ -	\$ (326,727)

**TOWN OF BEECH MOUNTAIN**  
Emergency Telephone System Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Restricted intergovernmental revenues	\$ -	\$ 4,180	\$ 4,180
Other	-	16,662	16,662
Investment earnings	1,000	2,995	1,995
<b>Total Revenues</b>	1,000	23,837	22,837
<b>Expenditures:</b>			
Telephone	22,000	8,181	
Training	4,000	1,509	
Repairs and maintenance	9,500	2,231	
Contract services	47,000	15,596	
Data processing	12,800	9,000	
Supplies and materials	2,400	-	
Capital outlay	-	23,784	
<b>Total Expenditures</b>	97,700	60,301	37,399
Revenues over (under) expenditures	(96,700)	(36,464)	60,236
Other financing sources (uses):			
Transfer from reserve	96,700	-	(96,700)
Transfer from general fund	-	3,205	-
Revenues over (under) expenditures	-	(33,259)	(36,464)
Appropriated fund balance		-	-
Net change in fund balance	\$ -	(33,259)	\$ (36,464)
Fund balance, beginning		270,687	
Fund balance, ending		\$ 237,428	

**TOWN OF BEECH MOUNTAIN**  
**Capital Projects Fund - Town Hall**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2025**

	Project Authorization	Actual Prior Years, Restated	Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Miscellaneous revenues	\$ -	\$ -	\$ 3,431	\$ 3,431	\$ 3,431
Investment earnings	-	6	-	6	6
<b>Total revenues</b>	<u>-</u>	<u>6</u>	<u>3,431</u>	<u>3,437</u>	<u>3,437</u>
<b>Expenditures</b>					
Construction cost	2,550,000	1,691,697	553,584	2,245,281	304,719
Design and engineering	50,000	126,900	42,506	169,406	(119,406)
Admin and observation	-	3,672	-	3,672	(3,672)
Mobile office rental	-	19,890	12,987	32,877	(32,877)
Communications and hardware	46,000	94,036	80,630	174,666	(128,666)
<b>Total expenditures</b>	<u>2,646,000</u>	<u>1,936,195</u>	<u>689,707</u>	<u>2,625,902</u>	<u>20,098</u>
Revenues over (under) expenditures	<u>(2,646,000)</u>	<u>(1,936,189)</u>	<u>(686,276)</u>	<u>(2,622,465)</u>	<u>23,535</u>
<b>Other financing sources and uses</b>					
Transfer from General Fund	2,096,000	1,350,000	90,000	1,440,000	(656,000)
Loan proceeds	550,000	550,000	-	550,000	-
<b>Total other financing sources and uses</b>	<u>2,646,000</u>	<u>1,900,000</u>	<u>90,000</u>	<u>1,990,000</u>	<u>(656,000)</u>
Revenues and other financings sources over (under) expenditures	<u>\$ -</u>	<u>\$ (36,189)</u>	(596,276)	<u>\$ (632,465)</u>	<u>\$ (632,465)</u>
Fund balance, beginning			<u>(36,189)</u>		
Fund balance, ending			<u>\$ (632,465)</u>		

**TOWN OF BEECH MOUNTAIN**  
**Capital Projects Fund - Fire Station**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years, Restated	Current Year		
<b>Revenues</b>					
Donations	\$ -	\$ -	\$ 309,778	\$ 309,778	\$ 309,778
Investment earnings	-	-	-	-	-
<b>Total revenues</b>	<u>-</u>	<u>-</u>	<u>309,778</u>	<u>309,778</u>	<u>309,778</u>
<b>Expenditures</b>					
Public safety	1,620,000	-	309,778	309,778	1,310,222
<b>Total expenditures</b>	<u>1,620,000</u>	<u>-</u>	<u>309,778</u>	<u>309,778</u>	<u>1,310,222</u>
Revenues over (under) expenditures	<u>(1,620,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,620,000</u>
Other financing sources and uses					
Transfer from General Fund	-	-	-	-	-
Loan proceeds	1,620,000	-	-	-	(1,620,000)
<b>Total other financing sources and uses</b>	<u>1,620,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,620,000)</u>
Revenues and other financings sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance, beginning			-		
Fund balance, ending			<u>\$ -</u>		

**TOWN OF BEECH MOUNTAIN**  
 Special Police Revenue Fund - Nonmajor Special Revenue Fund - COPS  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Donations	\$ -	\$ 508	\$ 508
BEEHCOP Promotions	<u>25,000</u>	<u>4,975</u>	<u>(20,025)</u>
<b>Total Revenues</b>	<u>25,000</u>	<u>5,483</u>	<u>(19,517)</u>
 <b>Expenditures:</b>			
Other	<u>25,000</u>	<u>4,824</u>	<u>20,176</u>
<b>Total Expenditures</b>	<u>25,000</u>	<u>4,824</u>	<u>20,176</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>659</u>	<u>\$ 659</u>
Fund balance, beginning		<u>59,499</u>	
Fund balance, ending		<u>\$ 60,158</u>	

**TOWN OF BEECH MOUNTAIN**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2025**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services		\$ 3,739,825	
Availability fee		275,977	
Water and sewer tap fees		92,000	
Miscellaneous		28,975	
Total operating revenues	\$ <u>3,933,580</u>	<u>4,136,777</u>	\$ <u>203,197</u>
Nonoperating revenues:			
Interest earnings		61,638	
Total nonoperating revenues	<u>60,000</u>	<u>61,638</u>	<u>1,638</u>
Total Revenues	<u>3,993,580</u>	<u>4,198,415</u>	<u>204,835</u>
Expenditures:			
Water and sewer administration:			
Salaries		268,306	
Insurance		70,239	
Other operating expenditures		156,054	
Total water and sewer administration	<u>371,967</u>	<u>494,599</u>	<u>(122,632)</u>
Water treatment:			
Salaries and employee benefits		534,560	
Utilities		308,105	
Other operating expenditures		502,072	
Total water treatment	<u>1,344,656</u>	<u>1,344,737</u>	<u>(81)</u>
Waste collection and treatment:			
Salaries and employee benefits		177,171	
Utilities		74,256	
Other operating expenses		95,151	
Total wastewater treatment	<u>383,292</u>	<u>346,578</u>	<u>36,714</u>
Taps and system maintenance:			
Other operating expenses		248,261	
Total taps and system maintenance	\$ <u>413,025</u>	\$ <u>248,261</u>	\$ <u>164,764</u>

**TOWN OF BEECH MOUNTAIN**  
**Water and Sewer Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2024**

	Budget	Actual	Variance Positive (Negative)
Debt Service:			
Interest and other charges		\$ 212,475	
Principal retirement		452,732	
Total debt service	\$ 673,793	665,207	\$ 8,586
Capital outlay:			
Water treatment	100,000	81,750	
Waste treatment	60,000	-	
Taps and system	80,000	111,249	
Total capital outlay	240,000	192,999	47,001
Total expenditures	3,426,733	3,292,381	134,352
Revenues over (under) expenditures	566,847	906,034	339,187
Other financing sources (uses):			
Transfer to source water development project	(172,880)	(134,703)	(38,177)
Transfer to capital reserve	(543,600)	(275,977)	(267,623)
Total other sources	(716,480)	(410,680)	(305,800)
Fund balance appropriated	\$ 149,633	-	(149,633)
Revenues and other sources over expenditures and other sources	\$ -	495,354	\$ 495,354

**Reconciliation from budgetary basis  
(modified accrual) to full accrual:**

Revenues and other sources over expenditures and other sources	495,354
Reconciling items:	
Principal retirement	452,732
Capital outlay	192,999
Increase in accrued vacation pay	(8,988)
Decrease in deferred inflows of resources - pensions	283
Decrease in deferred outflows of resources - pensions	(32,318)
Decrease in net pension liability	(16,584)
Impairment of assets	(4,363,176)
Transfer to source water development project and capital reserve	410,680
Restricted intergovernmental revenues - capital projects funds	3,092,564
Hurricane Helene expenditures	(842,593)
Service Line Maintenance Project	(4,853)
Miscellaneous revenues from 2022 water main improvement project	27,775
Miscellaneous revenues from source water development project	190
Depreciation	(742,240)
Total reconciling items	(1,833,529)
Change in net position	\$ (1,338,175)

**TOWN OF BEECH MOUNTAIN**  
**Capital Reserve Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2025**

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Investment earnings	\$ -	\$ -	\$ -
<b>Total Revenues</b>	-	-	-
<b>Expenditures:</b>			
Revenues over (under) expenditures	-	-	-
Other financing sources (uses):			
Appropriated fund balance	-	-	-
Transfer from water and sewer fund	-	275,977	275,977
Revenues and other financing sources over (under) expenditures	\$ -	\$ 275,977	\$ 275,977

**TOWN OF BEECH MOUNTAIN**  
**Water and Sewer Capital Project Fund - Source Water Development Project**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2025**

	Project Authorization	Actual Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Miscellaneous revenues	\$ -	\$ 880	\$ 190	\$ 1,070	\$ 1,070
<b>Total revenues</b>	<u>-</u>	<u>880</u>	<u>190</u>	<u>1,070</u>	<u>1,070</u>
<b>Expenditures</b>					
Pine Ridge well construction	321,000	362,066	-	362,066	(41,066)
Surveying and engineering	1,994,500	464,061	128,988	593,049	1,401,451
Permitting	10,000	-	-	-	10,000
Administration	3,576	1,672	5,647	7,319	(3,743)
Legal public relations	126,000	18,931	-	18,931	107,069
Consulting	45,000	7,484	1,048	8,532	36,468
<b>Total expenditures</b>	<u>2,500,076</u>	<u>854,214</u>	<u>135,683</u>	<u>989,897</u>	<u>1,510,179</u>
Revenues over (under) expenditures	<u>(2,500,076)</u>	<u>(853,334)</u>	<u>(135,493)</u>	<u>(988,827)</u>	<u>1,511,249</u>
Other financing sources and uses					
Loan proceeds	1,615,050	-	-	-	(1,615,050)
Transfer from water and sewer fund	885,026	867,431	134,703	1,002,134	117,108
<b>Total other financing sources and uses</b>	<u>2,500,076</u>	<u>867,431</u>	<u>134,703</u>	<u>1,002,134</u>	<u>(1,497,942)</u>
Revenues and other financings sources over (under) expenditures	<u>\$ -</u>	<u>\$ 14,097</u>	<u>\$ (790)</u>	<u>\$ 13,307</u>	<u>\$ 13,307</u>

**TOWN OF BEECH MOUNTAIN**  
**Water and Sewer Capital Project Fund - Grassy Gap Sewershed Study**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2025**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Restricted intergovernmental:					
State fiscal recovery ARPA Grant ARP-0049	\$ 400,000	\$ 138,035	\$ 42,017	180,052	\$ (219,948)
Total	<u>400,000</u>	<u>138,035</u>	<u>42,017</u>	<u>180,052</u>	<u>(219,948)</u>
<b>Expenditures</b>					
Flow meter rental	30,000	32,815	-	32,815	(2,815)
Sewer camera purchase	40,000	41,257	-	41,257	(1,257)
Engineering analysis	218,000	72,462	39,496	111,958	106,042
Contracted excavation	17,000	-	-	-	17,000
Contracted sewer camera inspection	95,000	-	-	-	95,000
Total	<u>400,000</u>	<u>146,534</u>	<u>39,496</u>	<u>186,030</u>	<u>213,970</u>
Revenues over (under) expenditures	\$ <u>-</u>	\$ <u>(8,499)</u>	\$ <u>2,521</u>	<u>(5,978)</u>	\$ <u>(5,978)</u>

**TOWN OF BEECH MOUNTAIN**  
**Water and Sewer Capital Project Fund - Service Line Maintenance**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2025**

	Project Authorization	Actual Prior Years	Current Year	Total to Date	Variance Positive (Negative)
<b>Revenues</b>					
Restricted intergovernmental:					
ARPA Grant	\$ 1,000,000	\$ -	\$ -	\$ -	\$ (1,000,000)
Total	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>
<b>Expenditures</b>					
Construction cost	947,000	-	-	-	947,000
Design and engineering	10,500	4,329	4,854	9,183	1,317
Construction admin cost	25,000	-	-	-	25,000
Grant admin fees	2,500	-	-	-	2,500
Contingency	15,000	-	-	-	15,000
Total	<u>1,000,000</u>	<u>4,329</u>	<u>4,854</u>	<u>9,183</u>	<u>990,817</u>
Revenues over (under) expenditures	<u>\$ -</u>	<u>\$ (4,329)</u>	<u>\$ (4,854)</u>	<u>\$ (9,183)</u>	<u>\$ (9,183)</u>

**TOWN OF BEECH MOUNTAIN**  
**Water and Sewer Capital Project Fund - 2024 Skiloft Stormwater Capital Project**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2025**

	Project Authorization	Actual			Variance Positive (Negative)
		Prior Years	Current Year	Total to Date	
<b>Revenues</b>					
Restricted intergovernmental:					
State fiscal recovery ARPA Grant SRP-D- ARP-0089	\$ 1,000,000	\$ 676,098	\$ 787,487	\$ 1,463,585	\$ 463,585
State Earmark Grant S.L. 2023-134	1,094,512	-	783	783	(1,093,729)
Total	<u>2,094,512</u>	<u>676,098</u>	<u>788,270</u>	<u>1,464,368</u>	<u>(630,144)</u>
<b>Expenditures</b>					
Surveying and engineering design - water service lines	21,000	-	-	-	21,000
Surveying and engineering design - retaining walls and grading	100,000	100,000	-	100,000	-
Stormwater improvements	1,822,392	553,653	1,282,327	1,835,980	(13,588)
Construction admin/observation	60,000	223	-	223	59,777
Contingency	91,120	-	-	-	91,120
Total	<u>2,094,512</u>	<u>653,876</u>	<u>1,282,327</u>	<u>1,936,203</u>	<u>158,309</u>
Revenues over (under) expenditures	\$ <u>-</u>	\$ <u>22,222</u>	\$ <u>(494,057)</u>	<u>(471,835)</u>	\$ <u>(471,835)</u>

**TOWN OF BEECH MOUNTAIN**  
**Water and Sewer Capital Project Fund - 2022 Sewer Main Improvement Project**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Restricted intergovernmental:					
Miscellaneous revenues	\$ 143,368	\$ -	\$ -	\$ -	\$ (143,368)
<b>Total revenues</b>	<u>143,368</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(143,368)</u>
<b>Expenditures</b>					
Contract A construction cost	2,350,010	199,274	290,225	489,499	1,860,511
Contract B construction cost	944,260	486,589	153,845	640,434	303,826
Design and engineering	187,000	192,351	67,888	260,239	(73,239)
Sewer line assessment	362,024	245,620	-	245,620	116,404
Dry utilities portion	-	-	431,075	431,075	(431,075)
Construction admin and observation	75,000	-	-	-	75,000
Contingency	164,700	-	-	-	164,700
2% loan admin fee	80,900	80,911	-	80,911	(11)
Legal, permitting and testing	25,000	680	200	880	24,120
<b>Total expenditures</b>	<u>4,188,894</u>	<u>1,205,425</u>	<u>943,233</u>	<u>2,148,658</u>	<u>2,040,236</u>
Revenues over (under) expenditures	<u>(4,045,526)</u>	<u>(1,205,425)</u>	<u>(943,233)</u>	<u>(2,148,658)</u>	<u>1,896,868</u>
Other financing sources and uses					
SRF Loan Proceeds	4,045,526	945,451	857,217	1,802,668	(2,242,858)
<b>Total other financing sources and uses</b>	<u>4,045,526</u>	<u>945,451</u>	<u>857,217</u>	<u>1,802,668</u>	<u>(2,242,858)</u>
Revenues and other financings sources over (under) expenditures	<u>\$ -</u>	<u>\$ (259,974)</u>	<u>\$ (86,016)</u>	<u>\$ (345,990)</u>	<u>\$ (345,990)</u>

**TOWN OF BEECH MOUNTAIN**  
**Water and Sewer Capital Project Fund - 2022 Water Main Improvement Project**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Restricted intergovernmental:					
ARPA Grant-0126	\$ 4,000,000	\$ 1,180,595	\$ 2,062,277	\$ 3,242,872	\$ (757,128)
Miscellaneous revenues	16,000	14,038	27,775	41,813	25,813
<b>Total revenues</b>	<u>4,016,000</u>	<u>1,194,633</u>	<u>2,090,052</u>	<u>3,284,685</u>	<u>(731,315)</u>
<b>Expenditures</b>					
Contract A construction cost	5,160,224	541,860	1,756,920	2,298,780	2,861,444
Contract B construction cost	1,280,900	420,173	308,441	728,614	552,286
Design and engineering	226,500	235,407	47,295	282,702	(56,202)
Other contract B	27,000	68,799	136,765	205,564	(178,564)
Construction admin and observation	88,500	-	4,208	4,208	84,292
Contingency	320,000	-	-	-	320,000
2% loan admin fee	63,500	63,512	11,085	74,597	(11,097)
Legal, permitting and testing	25,000	6,376	15,851	22,227	2,773
<b>Total expenditures</b>	<u>7,191,624</u>	<u>1,336,127</u>	<u>2,280,565</u>	<u>3,616,692</u>	<u>3,574,932</u>
Revenues over (under) expenditures	<u>(3,175,624)</u>	<u>(141,494)</u>	<u>(190,513)</u>	<u>(332,007)</u>	<u>2,843,617</u>
Other financing sources and uses					
SRF Loan Proceeds	3,175,624	-	-	-	(3,175,624)
<b>Total other financing sources and uses</b>	<u>3,175,624</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,175,624)</u>
Revenues and other financings sources over (under) expenditures	<u>\$ -</u>	<u>\$ (141,494)</u>	<u>\$ (190,513)</u>	<u>\$ (332,007)</u>	<u>\$ (332,007)</u>

**TOWN OF BEECH MOUNTAIN**  
**Water and Sewer Capital Project Fund - 2024 Tropical Storm Helene Mitigation and Reconstruction**  
**Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)**  
**From Inception and For the Fiscal Year Ended June 30, 2025**

	Project Authorization	Actual		Total to Date	Variance Positive (Negative)
		Prior Years	Current Year		
<b>Revenues</b>					
Restricted intergovernmental:					
NCDEQ Water Infrastructure Grant	\$ 200,000	\$ -	\$ 200,000	\$ 200,000	\$ -
<b>Total revenues</b>	<u>200,000</u>	<u>-</u>	<u>200,000</u>	<u>200,000</u>	<u>-</u>
<b>Expenditures</b>					
Surveying and engineering design	320,000	-	-	-	320,000
Construction admin and observation	96,000	-	-	-	96,000
Construction	2,688,000	-	1,299,076	1,299,076	1,388,924
Contingency	64,000	-	-	-	64,000
Legal, permitting and testing	32,000	-	875	875	31,125
<b>Total expenditures</b>	<u>3,200,000</u>	<u>-</u>	<u>1,299,951</u>	<u>1,299,951</u>	<u>1,900,049</u>
Revenues over (under) expenditures	<u>(3,000,000)</u>	<u>-</u>	<u>(1,099,951)</u>	<u>(1,099,951)</u>	<u>1,900,049</u>
Other financing sources and uses					
NCDEQ Water Infrastructure Bridge Loan	3,000,000	-	1,040,782	1,040,782	(1,959,218)
<b>Total other financing sources and uses</b>	<u>3,000,000</u>	<u>-</u>	<u>1,040,782</u>	<u>1,040,782</u>	<u>(1,959,218)</u>
Revenues and other financings sources over (under) expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (59,169)</u>	<u>\$ (59,169)</u>	<u>\$ (59,169)</u>

**TOWN OF BEECH MOUNTAIN**  
**Sanitation Fund**  
**Schedule of Revenues and Expenditures**  
**Budget and Actual (Non-GAAP)**  
**For the Year Ended June 30, 2025**

	Budget	Actual	Variance Positive (Negative)
<b>REVENUES :</b>			
Charges for services		\$ 720,807	
Recycling revenue		145,853	
Total operating revenues	\$ 937,570	866,660	\$ (70,910)
Nonoperating revenues:			
Interest earnings	500	11,195	10,695
Total revenues	938,070	877,855	(60,215)
<b>EXPENDITURES :</b>			
Sanitation:			
Salaries and employee benefits		531,224	
Vehicle maintenance		35,525	
Other operating expenditures		111,052	
Capital outlay		8,506	
Total sanitation	717,820	686,307	31,513
Debt Service:			
Interest and other charges		15,316	
Principal retirement		91,910	
Total debt service	192,625	107,226	85,399
Total expenditures	910,445	793,533	116,912
Revenues over (under) expenditures	27,625	84,322	116,912
Other financing sources and (uses)			
Loan proceeds	305,000	-	
Transfer to fund balance	(58,436)	-	
Transfer to capital project	(305,000)	-	
Proceeds from sale of fixed assets	30,811	-	
Total other financing sources and (uses)	(27,625)	-	27,625
Revenues and other sources over expenditures and other uses	\$ -	84,322	\$ 84,322

**Reconciliation from budgetary basis  
(modified accrual) to full accrual:**

Revenues and other sources over expenditures and other uses		84,322	
Reconciling items:			
Depreciation		(99,627)	
Capital outlay		8,506	
Principal retirement		91,910	
Decrease in deferred inflows of resources - pensions		187	
Decrease in deferred outflows of resources - pensions		(21,438)	
Decrease in net pension liability		(10,999)	
Decrease in accrued vacation pay		(94,499)	
Total reconciling items		(125,960)	
Change in net position		\$ (41,638)	

**TOWN OF BEECH MOUNTAIN**  
Schedule of Ad Valorem Taxes Receivable  
June 30, 2025

Fiscal year:	Uncollected Balance June 30, 2024	Additions	Collections and Credits	Uncollected Balance June 30, 2025
2024 - 2025	\$ -	6,828,660	6,610,152	218,508
2023 - 2024	134,772	-	73,279	61,493
2022 - 2023	41,847	-	14,110	27,737
2021 - 2022	12,301	-	2,536	9,765
2020 - 2021	11,264	-	524	10,740
2019 - 2020	16,339	-	546	15,793
2018 - 2019	20,437	-	6,035	14,402
2017 - 2018	14,690	-	97	14,593
2016 - 2017	7,726	-	751	6,975
2015 - 2016	8,851	-	409	8,442
2014 - 2015	9,144	-	9,144	-
	<u>\$ 277,371</u>	<u>6,828,660</u>	<u>6,717,583</u>	<u>388,448</u>
Less: allowance for uncollectible accounts: General Fund				<u>(73,528)</u>
Ad valorem taxes receivable - net				<u>314,920</u>

Reconciliation with revenues:

Ad valorem taxes - General Fund	6,747,822
Reconciling items:	
Interest collected	(38,893)
Taxes written off	8,654
Total collections and credits	<u>6,717,583</u>

**TOWN OF BEECH MOUNTAIN**  
 Analysis of Current Tax Levy  
 Town-Wide Levy  
 June 30, 2025

	<u>Property Valuation</u>	<u>Rate</u>	<u>Amount of Levy</u>	<u>Total Levy</u>	
				<u>Property excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy:					
Property taxed at current year's rate	\$ 1,050,075,077	0.65	\$ 6,825,486	\$ 6,678,224	\$ 147,262
Discoveries:					
Current year taxes	1,092,400		7,101	7,101	-
Releases	<u>(609,257)</u>		<u>(3,927)</u>	<u>(3,927)</u>	<u>-</u>
Total property valuation:	\$ <u><u>1,050,558,220</u></u>				
Net levy			6,828,660	6,681,398	147,262
Uncollected taxes at June 30, 2025			<u>(218,508)</u>	<u>(218,508)</u>	<u>-</u>
Current year's taxes collected			\$ <u><u>6,610,152</u></u>	\$ <u><u>6,462,890</u></u>	\$ <u><u>147,262</u></u>
Current levy collection percentage			<u><u>96.80%</u></u>	<u><u>96.73%</u></u>	<u><u>100.00%</u></u>

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Independent Auditor's Report

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Beech Mountain, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprises the Town of Beech Mountain's basic financial statements, and have issued our report thereon dated February 12, 2026. The financial statements of the Town of Beech Mountain TDA 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 Town of Beech Mountain' internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Beech Mountain' internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Beech Mountain' 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.

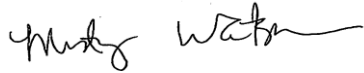
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questions Costs as 2025-001 that we consider to be a material weakness.

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, appearing to read "Rudy Wata". The signature is fluid and cursive, with a long horizontal stroke at the end.

Boone, NC  
February 12, 2026

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**CERTIFIED PUBLIC ACCOUNTANT**  
**PO BOX 2122**  
**BOONE, NORTH CAROLINA 28607**  
**TELEPHONE (704) 907-5053**

Independent Auditor's Report

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM  
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE AND THE  
STATE SINGLE AUDIT IMPLEMENTATION ACT

Members of Town Council  
Town of Beech Mountain, North Carolina

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited Town of Beech Mountain, North Carolina's (the "Town")'s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *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 the Town's major federal programs for the year ended June 30, 2025. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town complied, in all material respects, with the 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). 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 the Town 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 provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Town'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 laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Town'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 the Town'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 generally accepted auditing standards, *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 the Town's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 the Town’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 the Town’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 the Town’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.

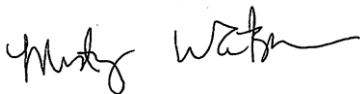
### **Report on Internal Control over Compliance**

Our consideration of internal control over compliance was for the limited purpose described in the Auditor’s Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies 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, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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 significant deficiency in internal control over compliance is a deficiency, or a 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 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.



Boone, North Carolina  
February 12, 2026

**MISTY D WATSON, CPA, P.A.**  
**CERTIFIED PUBLIC ACCOUNTANT**  
**PO BOX 2122**  
**BOONE, NORTH CAROLINA 28607**  
**TELEPHONE (704) 907-5053**

Independent Auditor's Report

Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; With OMB Uniform Guidance and the State Single Audit Implementation Act

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Beech Mountain, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *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 the Town of Beech Mountain's major State programs for the year ended June 30, 2025. The Town of Beech Mountain's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Beech 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 Beech 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 the Town of Beech 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 laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to Town of Beech 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 Beech 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 Beech 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 Beech Mountain 's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circum- stances.
- obtain an understanding of Town of Beech 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 Beech 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.

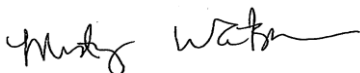
#### Report on Internal Control Over Compliance

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 State 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 State program will not be prevented, or detected and corrected, on a timely basis. A *significant 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.



Boone, NC  
February 12, 2026

**TOWN OF BEECH MOUNTAIN, NORTH CAROLINA**  
**Schedule of Findings and Questions Costs**  
**For the Year Ended June 30, 2025**

**I. Summary of Auditor's Results**

**Financial Statements**

Internal control over financial reporting:

Material weakness identified?	<u>    X    </u> Yes	<u>          </u> No
Significant deficiency identified that is not considered to be material weaknesses	<u>          </u> Yes	<u>    X    </u> None reported
Noncompliance material to financial statements noted	<u>    X    </u> Yes	<u>          </u> No

**Federal Awards**

Internal control over major Federal programs:

Material weakness identified?	<u>          </u> Yes	<u>    X    </u> No
Significant deficiencies identified that are not considered to be material weaknesses	<u>          </u> Yes	<u>    X    </u> 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)?	<u>          </u> Yes	<u>    X    </u> No
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Identification of major Federal programs:

<u>Program Name</u>	<u>CFDA#</u>
Stormwater Improvements	21.027
Disaster Grants	97.036

Dollar threshold used to distinguish between Type A and Type B Programs:	\$ 750,000
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Auditee qualified as low-risk auditee	<u>          </u> Yes	<u>    X    </u> No
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**State Awards**

Internal control over major Federal programs:

Material weakness identified?	<u>          </u> Yes	<u>    X    </u> No
Significant deficiencies identified that are not considered to be material weaknesses	<u>          </u> Yes	<u>    X    </u> None reported

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

Any audit findings disclosed that are required to be \_\_\_\_\_ Yes \_\_\_\_\_ X No

Identification of major State programs:

<u>Program Name</u>	<u>CFDA#</u>
State Treasurer Cash Flow Loan	
Dollar threshold used to distinguish between Type A and Type B Programs:	\$ 500,000
Auditee qualified as low-risk auditee	_____ Yes _____ X No

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**II. Financial Statement Findings**

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2025-001 Material Weakness in Internal Control Over Compliance – Over expenditure of budget

Criteria: North Carolina G.S. 159-28(a) states “No obligation may be incurred in a program, function or activity accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year”.

Condition and Context: The Town over expended their adopted budget ordinance in the General Fund by \$351,500 and the Water and Sewer Fund by \$122,632.

Effect: The Town authorized and paid obligations not budgeted in violation of G.S. 159-28.

Cause: The Town underbudgeted expenditures in the Water and Sewer Fund and the General Fund

Recommendation: We recommend the Town appropriately budget annual expenditures.

Management’s response: See Corrective Action Plan

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**III. Federal Award Findings and Questioned Costs**

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None reported.

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**IV. State Award Findings and Questioned Costs**

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None reported.

**Council Members**

Weidner Abernethy, Mayor  
Kelly Melang, Vice Mayor  
Art Beckman  
Alan Villanova  
M.W. Stanford



**Town Manager**

Bob Pudney

**Town Attorney**

Stacy C. Eggers IV

**Town of Beech Mountain, North Carolina**  
Corrective Action Plan  
For the Year Ended June 30, 2025

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**Section II. Financial Statement Findings**

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**Finding 2025-001**

**Budget violations**

Name of Contact Person: Steve Smith, Finance Officer

Corrective Action: The Finance Director, Town Manager and the Town will on a monthly basis monitor budget to actual expenditures to ensure no budget violations in the future.

Proposed Completion Date: The Council will implement the above procedure immediately.

**TOWN OF BEECH MOUNTAIN, NORTH CAROLINA**  
**Summary Schedule of Prior Audit Findings**  
**For the Year Ended June 30, 2024**

Finding: 2024-001  
Status: Repeat as finding 2025-001

**TOWN OF BEECH MOUNTAIN, NORTH CAROLINA**  
**Schedule of Federal and State Awards**  
**For the Year Ended June 30, 2025**

Grantor/Pass-Through Grantor/Program/Cluster Title	Federal Assistance Listing Number	Pass-Through Grantor's Number	Federal (Direct & Pass- Through) Expenditures	State Expenditures	Passed-through to Subrecipients
<b>Federal Awards:</b>					
<b><u>U.S. Department of Homeland Security</u></b>					
<b><u>Passed through N.C. Department of Public Safety</u></b>					
Disaster Grants	97.036		2,795,186	-	-
Total U.S. Department of Homeland Security			<u>2,795,186</u>	<u>-</u>	<u>-</u>
<b><u>U.S. Department of Environmental Protection</u></b>					
<b><u>Passed through N.C. Department of Environmental Quality</u></b>					
Division of Water Infrastructure					
DWSRF Loan, Drinking Water	66.468		1,240,782		
DWSRF Loan, Drinking Water Wastewater	66.458	ARP-W-0185	857,217		
Total U.S. Department of Environmental Protection			<u>2,097,999</u>	<u>-</u>	<u>-</u>
<b><u>U.S. Department of Treasury</u></b>					
American Rescue Plan (ARP)					
<b><u>Passed through N.C. Department of Environmental Quality</u></b>					
Coronavirus State and Local Fiscal Recovery Funds					
Stormwater Improvements	21.027	SRP-D-ARP-0089	810,493	-	-
Pond Creek Sewershed Study	21.027	AIA-W-ARP-0049	42,017	-	-
Drinking Water Improvements	21.027	SRP-D-ARP-0126 & WIF-2023	2,062,277	-	-
Total U.S. Department of Treasury			<u>2,914,787</u>	<u>-</u>	<u>-</u>
Total Federal Awards			<u>7,807,972</u>	<u>-</u>	<u>-</u>
<b>State Awards:</b>					
<b><u>N.C. Department of State Treasurer</u></b>					
State Cash Flow Loans for Helene Response		S.L 2025-53; 2025-57	-	1,204,087	-
Total N.C. Department of State Treasurer			<u>-</u>	<u>1,204,087</u>	<u>-</u>
<b><u>N.C. Department of Transportation:</u></b>					
Powell bill			-	150,867	-
Total N.C. Department of Transportation			<u>-</u>	<u>150,867</u>	<u>-</u>
Total State Awards			<u>-</u>	<u>1,354,954</u>	<u>-</u>
Total Federal and State Awards			<u>\$ 7,807,972</u>	<u>\$ 1,354,954</u>	<u>\$ -</u>

**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 award activity of the Town of Beech 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 US Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Beech Mountain, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Beech Mountain.

**2. Summary of Significant Account 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 Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented or used in the preparation of the basic financial statements.

**3. Indirect Cost Rate**

The Town has elected not to use the 10-percent minimis indirect cost rate as allowed under the Uniform Guidance.

**4. Loan Outstanding**

The Town of Beech Mountain had the following loan balances outstanding as of June 30, 2025. The loans made during the year are included in the SEFSA in the federal expenditures presented in the schedule. Balances and transactions during related to these programs are included in the Town's basic financial statements.

Program Title	Federal Assistance Listing Number	Amount Outstanding
Capitalization Grants for State		
Revolving Funds	66.458	1,802,668
Drinking Water State Revolving Loan	66.468	1,040,782
State Cash Flow Loans for Helene Response	S.L. 2025-53, 2025-57	3,825,337