



TOWN OF BLACK MOUNTAIN

TOWN COUNCIL

April 13, 2026


REGULAR SESSION AGENDA

Time: 6:00 PM

Town Hall Council Chambers | 160 Midland Avenue, Black Mountain, NC 28711

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 Conserve Resources; print only when necessary.

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1. CALL TO ORDER

- 1.A. Welcome
- 1.B. Pledge of Allegiance
- 1.C. Moment of Silence
- 1.D. Announcements
- 1.E. Ethics Statement

In accordance with the Code of Ethics adopted by the Council, all Council Members have a duty to conduct the affairs of the governing board in an open and public manner free of conflicts of interest. Is there any item on the agenda the outcome of which will have a direct, substantial, and readily identifiable financial impact for any Council Member, his or her family or close business associates? Does any Council Member have a financial interest in any public contract coming before this Council today? There being none, all Council

Members have a duty and obligation to vote.

2. PROCLAMATIONS, AWARDS, RECOGNITIONS, SPECIAL RESOLUTIONS

3. COMMUNICATIONS FROM STAFF, COUNCILS, COMMISSIONS & AGENCIES

3.A. Brief Remarks by Dr. Shantelle Simpson, President and CEO of Appalachian Mountain Health

3.B. Presentation and Update on Temporary Facilities for Police & Fire Departments

4. CITIZEN COMMENTS

Individuals wishing to address the Council are asked to sign in at the entrance to the board room, indicating the topic(s) or agenda item(s) you wish to discuss, so that the chair may group speakers according to topic. The chair will recognize individuals requesting to address the Council. **Comments by any one speaker shall be limited to three (3) minutes.** If the topic you wish to discuss pertains to a public hearing scheduled for this meeting, please reserve your comment for the applicable public hearing. Note: Council will not respond during the citizen comment period.

5. COMMUNICATION FROM MAYOR AND TOWN COUNCIL

6. COMMUNICATION FROM TOWN ATTORNEY & TOWN MANAGER

7. CONSENT AGENDA

All items on the consent agenda are considered routine, to be enacted by one motion without discussion. If a member of the governing body requests discussion of an item, the item will be removed from the consent agenda and considered separately.

7.A. Monthly Tax Collector Report - Laurel Mabery, Accountant
Motion: Approve the tax collection report as presented.

7.B. Call for Public Hearing on May 11, 2026, at 6:00 p.m. to Amend Chapter 1, Section 1.2.3, Definitions; Chapter 4, Section 4.7.14, Table of Uses by Zoning District; and Chapter 5, Section 5.19, Data Processing Centers, to add a definition, use, and requirements for data processing centers. - Michelle Kennedy, Planning Director
Motion: To call for a public hearing to amend Chapter 1, Section 1.2.3, Definitions; Chapter 4, Section 4.7.14, Table of Uses by Zoning District; and Chapter 5, Section 5.19, Data Processing Centers, to add a definition, use, and requirements for data processing centers, to be held on Monday, May 11, 2026, at 6:00 p.m., or as soon thereafter as possible, in the Council Room of Town hall, 160 Midland Avenue, Black Mountain.

7.C. Board of Adjustment Alternate Member Removal - Wesley Barker, Town Clerk
Motion: Motion to remove Chloe Brown as an alternate from the Board of Adjustment due to excessive absences from meetings.

- 7.D. **Appointment of Board of Adjustment Alternate Member to Regular Member - Wesley Barker, Town Clerk**
Motion: Motion to appoint Mary Hall from alternate to regular member on the Black Mountain Board of Adjustment.
- 7.E. **Acceptance of Grant Funds with NC Department of Environmental Quality (DEQ) - Richard Hicks, Interim Town Manager**
Motion: I move that Council accepts the Helene Recovery Recycling Infrastructure Grant in the amount of \$525,000 and authorize the Interim Town Manager to execute the required grant documents.
- 7.F. **Approval of Council Order of Corrective Action - 850 Blue Ridge Road Appeal Hearing held on April 9, 2026 - Richard Hicks, Interim Town Manager**
Motion: Motion to approve Order as presented.

8. PUBLIC HEARING

The chair will recognize individuals requesting to address the Council regarding the specific topic of the public hearing. **Public hearing comments by any one speaker shall be limited to ten (10) minutes.** The Mayor reserves the right to alter time limits and other rules of procedure at the beginning of each public hearing.

- 8.A. **Public Hearing to Amend Chapter 1, Section 1.7.3, Variances, to remove the requirement that only signs in the historic district may seek a variance from the sign regulations. - Michelle Kennedy, Planning Director**
Motion: I move that we approve the proposed text amendment to Chapter 1, Section 1.7.3, Variances, as presented and find that the proposed change is consistent with current state regulations and find that this recommendation promotes the general welfare and is in keeping with good zoning practice.
- 8.B. **Public Hearing to Amend Chapter 9, Section 9.10, Administrative Adjustment of Signage Regulations, to add additional administrative adjustments for ground signs, cantilevered ground signs, and development identification signs. - Michelle Kennedy, Planning Director**
Motion: I move that we approve the proposed text amendment to Chapter 9, Section 9.10, Guidelines for Administrative Adjustment of Signage Regulations as presented and find that the proposed change is consistent with current state regulations and find that the recommendation promotes the general welfare and is in keeping with good zoning practice.
- 8.C. **Public Hearing on System Development Fees 5-Year Update - Richard Hicks, Interim Town Manager**
Motion: Once the Public Hearing has been held, the Town Council can adopt new System Development Fees based on the 5-year update report. The adoption can also be a part of the budget approval process when you adopt the FY 26/27 Fee Schedule.

9. CITIZEN COMMENTS

Individuals wishing to address the Council are asked to sign in at the entrance to the board room, indicating the topic(s) or agenda item(s) you wish to discuss, so that the chair may group speakers according to topic. The chair will recognize individuals requesting to address the Council. **Comments by any one speaker shall be limited to three (3) minutes.** If the topic you wish to discuss pertains to a public hearing scheduled for this meeting, please reserve your comment for the applicable public hearing. Note: Council will not respond during the citizen comment period.

10. UNFINISHED BUSINESS

10.A. Discussion of Golf Cart Bridges Project Bids Received - Richard Hicks, Interim Town Manager

Motion: Motion to award a bid (or reject bids) received for the Golf Cart Bridges Project.

11. NEW BUSINESS

11.A. Presentation of the FY25 Town Audit by Gould Killian CPA Group, P.A. - Richard Hicks, Interim Town Manager

Motion: I move that Council accept the Town of Black Mountain FY25 audit.

11.B. Consideration of Black Mountain Pool Seasonal Pay Rate Adjustments for 2026 Season - Richard Hicks, Interim Town Manager

Motion: Motion to approve the request for seasonal pay rate adjustments for Black Mountain Pool positions as recommended for the 2026 season.

11.C. Resolution to Award the Hilltop Rd. Phase II Construction Project to CRW Land Services, LLC - Matt Begley, Budget Analyst

Motion: Motion to approve the resolution awarding CRW Land Services, LLC with the contract for Hilltop Rd. Phase II Construction Project as presented.

11.D. Consideration of Capital Project Ordinance for Fairway Dr. / Tomahawk Ave. Stormwater Project - Richard Hicks, Interim Town Manager

Motion: Motion to approve the Capital Project Ordinance as presented.

11.E. Resolution of Budget Amendment Budgeting Funds to the Fairway Dr. / Tomahawk Ave. Stormwater Capital Project - Richard Hicks, Interim Town Manager

Motion: Motion to approve the budget amendment resolution.

11.F. Consideration of Capital Project Ordinance for Two Golf Cart Bridges Project - Richard Hicks, Interim Town Manager

Motion: Motion to approve the Capital Project Ordinance for the Two Golf Cart Bridges Project as presented.

11.G. Consideration of Budget Amendment Resolution for the Two Golf Cart Bridges

Capital Project - Richard Hicks, Interim Town Manager

Motion: Motion to approve the budget amendment resolution as presented.

11.H. Consideration of Budget Amendment for Replacement of Waterline on Old US 70 - Richard Hicks, Interim Town Manager

Motion: I move that Council adopt the budget amendment to cover the costs of the waterline that was replaced on Old US 70.

11.I. Proposal for Task Order # 5 – Lakeview Center Active Aging Floodplain Improvement Modeling - Richard Hicks, Interim Town Manager

Motion: I move that Council authorize the Town Manager to execute Task Order #5 with Arete Engineers for the Lakeview Center Active Aging Floodplain Improvement Modeling.

11.J. Proposal for Black Mountain Ave. & Sutton Ave. Intersection Safety Study - Richard Hicks, Interim Town Manager

Motion: I move that Council authorize the Interim Town Manager to execute Task Order #1 with J.M.Teague Engineering for the Black Mountain Avenue & Sutton Avenue Intersection Safety Study.

11.K. Request for Extension of Lease - Black Mountain Center for the Arts - Richard Hicks, Interim Town Manager

Motion: I move that Council authorize the Interim Town Manager to execute a lease extension with Black Mountain Center for the Arts.

11.L. Request for Sewer Easement - Metropolitan Sewerage District - Richard Hicks, Interim Town Manager

Motion: I move that Council authorize the execution of a Sewer Easement with the Metropolitan Sewerage District of Buncombe County on Carver Avenue.

11.M. Candidate Filing Fees for November 2026 Municipal Election - Wesley Barker, Town Clerk

Motion: Council should review and vote to set the filing fee for Town of Black Mountain municipal election candidates.

11.N. Approval of Amended Asheville Regional Housing Consortium Joint Cooperation Agreement & Resolution Authorizing Mayor to Execute Agreement Documents - Alice Berry, Town Council Member

Motion: Motion to approve the amended ARHC Joint Cooperation Agreement and to authorize the Mayor to execute necessary documents for the agreement as presented.

12. CLOSED SESSION - NCGS 143-318.11(A)(6) TO DISCUSS PERSONNEL-RELATED ITEMS.

13. ADJOURNMENT



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026

AGENDA SECTION: Communications from Staff, Councils, Commissions & Agencies
DEPARTMENT: Administration

TITLE OF ITEM: Brief Remarks by Dr. Shantelle Simpson, President and CEO of Appalachian Mountain Health

SUGGESTED MOTION(S):

n/a

SUMMARY:

Remarks by Dr. Shantelle Simpson, President and CEO of Appalachian Mountain Health (AMH). Dr. Simpson will offer a brief update on AMH Black Mountain clinic.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

None



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Steve Parker, Police Chief , John Coffey, Fire Chief **MEETING DATE:** April 13, 2026

AGENDA SECTION: Communications from Staff, Councils, Commissions & Agencies **DEPARTMENT:** Administration

TITLE OF ITEM: Presentation and Update on Temporary Facilities for Police & Fire Departments

SUGGESTED MOTION(S):

n/a - Presentation

SUMMARY:

The Council at the last meeting requested a presentation from the Police Chief and Fire Chief on their temporary facilities and the effects on their current operations. Police Chief Steve Parker and Fire Chief John Coffey will be ready to make a presentation and answer any questions the Council may have.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

None



TOWN OF BLACK MOUNTAIN
AGENDA ITEM SUMMARY

SUBMITTER: Laurel Mabery, Accountant **MEETING DATE:** April 13, 2026
AGENDA SECTION: Consent Agenda **DEPARTMENT:** Finance
TITLE OF ITEM: Monthly Tax Collector Report

SUGGESTED MOTION(S):

Approve the tax collection report as presented.

SUMMARY:

Monthly Tax Collector Report

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? Type answer here. If no impact, put N/A

If no, describe how it will be funded. Type answer here. If no impact, put N/A

ATTACHMENTS:

1. Monthly Council Report - February 2026



TOWN OF BLACK MOUNTAIN TAX COLLECTOR'S REPORT

TO: Black Mountain Board of Commissioners
FROM: Laurel Mabery, Municipal Tax Collector
DATE: Monday, April 13, 2026
SUBJECT: February 2026 Tax Collector Report

According to GS 105-350(7) it is the duty of the tax collector to submit to the governing body at each of its regular meetings a report of the amount collected on each year's taxes with which is charged, the amount remaining uncollected, and the steps taken to encourage or enforce payment of uncollected taxes. Below is the month end report for collections (current and prior years), provided by the Buncombe County Tax Collector. The tax department is using all collection remedies as provided by general statute to collect delinquent taxes including but not limited to garnishments, attachments, and NC Debt Setoff.

CURRENT YEAR TAX -ADVALOREM TAXES

Billed	\$ 5,448,018.88
Collected	\$ 5,330,545.82
Adjustments and Releases	\$ 4,172.46
Outstanding real and personal property taxes	<u><u>\$ 121,645.52</u></u>

TAX COLLECTION PERCENTAGE FOR CURRENT TAX YEAR 97.77%

PRIOR YEAR TAXE(S) COLLECTED WITHIN THE MONTH

Collected	\$ 261.03
Adjustments and Releases	

Per NCGS 105-381(b) the Tax Collector is reporting tax releases/refunds within the current period:

Ad Valorem	\$ 3,544.58
Motor Vehicle	\$ 62.41



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Michelle Kennedy, Planning Director
MEETING DATE: April 13, 2026

AGENDA SECTION: Consent Agenda
DEPARTMENT: Planning & Development Services

TITLE OF ITEM: Call for Public Hearing on May 11, 2026, at 6:00 p.m. to Amend Chapter 1, Section 1.2.3, Definitions; Chapter 4, Section 4.7.14, Table of Uses by Zoning District; and Chapter 5, Section 5.19, Data Processing Centers, to add a definition, use, and requirements for data processing centers.

SUGGESTED MOTION(S):

To call for a public hearing to amend Chapter 1, Section 1.2.3, Definitions; Chapter 4, Section 4.7.14, Table of Uses by Zoning District; and Chapter 5, Section 5.19, Data Processing Centers, to add a definition, use, and requirements for data processing centers, to be held on Monday, May 11, 2026, at 6:00 p.m., or as soon thereafter as possible, in the Council Room of Town hall, 160 Midland Avenue, Black Mountain.

SUMMARY:

We are seeing multiple towns and cities across the state beginning to get applications for data processing centers. There are currently no definitions or requirements for data processing centers. The proposed amendments will define a data processing center and will allow for requirements to be put in place. The goal is to have the ordinance in place before an application comes in.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? Type answer here. If no impact, put N/A

If no, describe how it will be funded. Type answer here. If no impact, put N/A

ATTACHMENTS:

1. legal_notice_data_processing_centers



LEGAL NOTICE

BLACK MOUNTAIN TOWN COUNCIL

PUBLIC HEARING

Monday, May 11, 2026, at 6:00 p.m.

The Black Mountain Town Council will meet on **Monday, May 11, 2026, at 6:00 p.m.** in the Council Room of Town Hall, 160 Midland Avenue, Black Mountain, NC. The purpose of this meeting is to hold a public hearing for text amendments to Chapter 1, Section 1.2.3, Definitions; Chapter 4, Section 4.7.14 Table of Uses by Zoning District; Chapter 5, Section 5.19, Data Processing Centers, to add a definition, zoning district, and requirements for data processing centers.

The meeting is open to the public.

Wesley M. Barker
Town Clerk

The Town of Black Mountain is committed to providing accessible facilities, programs and services for all people in compliance with the Americans with Disabilities Act (ADA). Should you need assistance or a particular accommodation for this meeting, or have general questions, please contact, Wesley Barker, Town Clerk at 828-419-9310 or by email at town.clerk@tobm.org.

Posted to the Town Bulletin Board 04/16/2026
To be published in the Black Mountain News 04/23/2026 and 04/30/2026
www.townofblackmountain.org



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Wesley Barker, Town Clerk **MEETING DATE:** April 13, 2026

AGENDA SECTION: Consent Agenda **DEPARTMENT:** Planning &
Development
Services

TITLE OF ITEM: Board of Adjustment Alternate Member Removal

SUGGESTED MOTION(S):

Motion to remove Chloe Brown as an alternate from the Board of Adjustment due to excessive absences from meetings.

SUMMARY:

Since being appointed in July 2025, Chloe Brown has not attended a Board of Adjustment meeting, or notified staff that she would not be in attendance. This has caused several meetings to have to be rescheduled due to not being able to get a quorum. The Board of Adjustment Chair and staff are recommending that Ms. Brown be removed from the Board of Adjustment and that an advertisement be placed to recruit a new alternate member to this board.

This process follows the current adopted Handbook for Advisory Board and Commission Members - Section 6: Attendance Policy which states: "In order for a board or commission to be effective and efficient, and to accomplish its purpose, its membership must be actively involved and attentive to the business of the body, therefore, the Town Council may dismiss any member who misses THREE CONSECUTIVE REGULAR MEETINGS or one-half of the meetings held in a single six-month period without good cause (such as temporary severe illness of a member or of a member of such member's family, or overriding but temporary business concerns). Such dismissal may be considered upon or complaint by the board chairperson, a member of the board, staff, or on the Town Council's own motion. A member must attend fifty percent (50%) of a meeting in order to be considered in attendance for the purposes of this policy."

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

None



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Wesley Barker, Town Clerk **MEETING DATE:** April 13, 2026
AGENDA SECTION: Consent Agenda **DEPARTMENT:** Town Clerk
TITLE OF ITEM: Appointment of Board of Adjustment Alternate Member to Regular Member

SUGGESTED MOTION(S):

Motion to appoint Mary Hall from alternate to regular member on the Black Mountain Board of Adjustment.

SUMMARY:

Mary E. Hall currently serves as Alternate #1 on the Board of Adjustment and was first appointed as an Alternate on August 11, 2025. Due to the resignation of Board of Adjustment Member Lauren Dodgin last month, Mary is now next in line to move up from alternate to a regular member on this board, filling the unexpired term seat vacated by Lauren Dodgin. If appointed, Mary would fill this unexpired term through July 2027. At the conclusion of this term expiration, Mary would still be eligible to still serve two full 3-year terms, if she wishes, as according to the current Advisory Board & Commission Handbook, "a person who has served more than two-thirds of a full term after being appointed to complete the term of a previous board member shall be considered to have served a full term for the purposes of determining eligibility under the provisions of this section," which is not the case for this unexpired term having only approximately one-third remaining. If appointed, the Town will begin recruiting interested citizens for this alternate seat vacancy.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

None



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026

AGENDA SECTION: Consent Agenda
DEPARTMENT: Administration

TITLE OF ITEM: Acceptance of Grant Funds with NC Department of Environmental Quality (DEQ)

SUGGESTED MOTION(S):

I move that Council accepts the Helene Recovery Recycling Infrastructure Grant in the amount of \$525,000 and authorize the Interim Town Manager to execute the required grant documents.

SUMMARY:

Through the efforts of Rechelle Vilevac, Public Works Sanitation Supervisor, the Town has been offered a grant of \$525,000 from the Helene Hurricane Recovery Recycling Infrastructure Program. This grant will allow the Town to purchase additional solid waste equipment, such as garbage packers and to replace the recycling carts that were lost during the storm. The Town will need to notify DEQ that we accept the grant by April 17, 2026.

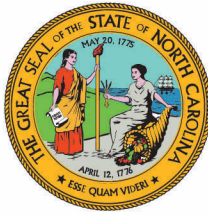
BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? No.

If no, describe how it will be funded. A budget amendment will be adopted in the FY26/27 budget to show the receipt & expenditure of the funds.

ATTACHMENTS:

1. Black Mountain HRRRI Grant Award Letter - NC DEQ



NORTH CAROLINA
Environmental Quality

April 6, 2026

JOSH STEIN
Governor
D. REID WILSON
Secretary
JAMIE RAGAN
Director

Rechelle Vilevac
Town of Black Mountain
304 Black Mountain Avenue
Black Mountain, NC 28711

Dear Rechelle,

The North Carolina Department of Environmental Quality (DEQ) is pleased to announce our decision to preliminarily award your Helene Recovery Recycling Infrastructure Grant proposal for a total of \$525,000 in grant funding. This financial support is offered as pass-through funding from DEQ's Hazardous Waste Management State Program Support Grant from the United States Environmental Protection Agency through the American Relief Act of 2025. DEQ has initiated the final compliance and approval process required prior to issuance of the official grant award.

As soon as that process is complete, we will proceed with establishing a grant contract between DEQ and Town of Black Mountain with a target contract start-date of July 1, 2026. As a subrecipient of federal grant funding, this project is subject to applicable federal requirements, which will be included in the grant contract. **Please note that we cannot reimburse any grant expenditure incurred before the grant contract start date.**

Please respond by April 17 to accept the grant award as offered. If additional time is needed prior to accepting award (e.g., approval from Town Council or County Commissioners), please let us know as soon as possible and provide an estimated timeframe. Applicants who fail to respond by April 17 risk forfeiting grant funds.

Congratulations on your successful grant proposal. If you have any questions about the grant award, contact Julia Warren at 919-707-8145 or julia.warren@deq.nc.gov. We look forward to working with you on this important project to rebuild and improve waste reduction infrastructure in western North Carolina.

Sincerely,

A handwritten signature in black ink that reads "Sandy Skolochenko".

Sandy Skolochenko
Recycling Program Development Coordinator
Recycling and Materials Management Section
Division of Environmental Assistance and Customer Service





TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026

AGENDA SECTION: Consent Agenda
DEPARTMENT: Administration

TITLE OF ITEM: Approval of Council Order of Corrective Action - 850 Blue Ridge Road
Appeal Hearing held on April 9, 2026

SUGGESTED MOTION(S):

Motion to approve Order as presented.

SUMMARY:

On April 9, 2026, Town Council held a special meeting for an evidentiary hearing to hear an appeal of an order of corrective action issued by the building inspector at 850 Blue Ridge Road. The Order attached to this item is the official findings of fact that were discussed and agreed upon by the Town Council in relation to this property. Per the Town Attorney, Town Council should formally approve this Order that will then be sent to the appellant.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

1. 850_blue_ridge_road_order_draft_4.13.2026

BEFORE THE TOWN OF BLACK MOUNTAIN TOWN COUNCIL
BUNCOMBE COUNTY, NC

HONGQIN WEI APPEAL OF)
ORDER TO TAKE CORRECTIVE ACTION)
850 BLUE RIDGE ROAD) ORDER
BLACK MOUNTAIN, NC 28711)

THIS MATTER came up for hearing before the Town of Black Mountain Town Council (sometimes referred to hereinafter as “Council”) on 9 April 9 2026 upon the appeal of Hongqin Wei of the Town of Black Mountain Building Inspector’s order to take corrective action regarding the damaged building (“Building”) at 850 Blue Ridge Road, Black Mountain, NC 28711 (“850 Blue Ridge Road”);

Based upon the information and evidence presented and after hearing all of the evidence, the Council does hereby make the following **FINDINGS OF FACT**:

1. Hongqin Wei (“Wei”) appealed the Town of Black Mountain Building Inspector’s order to take corrective action to demolish the Building and remove all debris (“Appeal”).
2. All required notices were mailed and published, and signs were properly posted regarding this Appeal.
3. Jennifer Tipton, Senior Admin (“Senior Admin”), and Rick Burton, Building Inspector (“Building Inspector”) appeared for the Town.
4. Kevin Wei, brother of Hongqin Wei, appeared as the representative for the Appellant (“Appellant”).
5. The Town admitted the Record of the case into evidence without objection and it was accepted by Mayor Michael Sobol, the presiding officer.
6. The Building at 850 Blue Ridge Road, a nonresidential building, was severely damaged after Tropical Storm Helene in September of 2024.
7. The Appellant was sent a Notice of Substantial Damage Determination for 850 Blue Ridge Road, dated December 17, 2024. The notice provided a substantial damage assessment, instructions for appealing the determination, and an offer to the property owner meet with the Floodplain Administrator to discuss the requirements and potential options for bringing the building into compliance with the Flood Damage Prevention Ordinance. This notice was not appealed.
8. The Town communicated with TetraTech about reaching out to the Appellant to potentially apply for the Private Property Debris Removal Program.

9. The Appellant was sent a letter detailing the unsafe conditions in accordance with NCGS §160D-1118 (Defects in buildings to be corrected), dated July 31, 2025.
10. The July 31, 2025, letter stated that the unsafe conditions needed to be permitted, repaired, completed and inspected, or the entire Building needed to be demolished within ninety days of receipt of the letter. Notice of the unsafe character of the Building was posted by the Town on the exterior wall of the structure.
11. The Appellant sent a response dated October 24, 2025, in response to the July 31, 2025, letter of unsafe conditions.
12. The Appellant noted that the property was in a unique situation as NCDOT planned to acquire the property due to the proposed I-40 interchange project.
13. Based on the unique situation noted by the Appellant, the Appellant asked for a delay in any permit application or processing as pursuing repairs for a building that is expected to be demolished would result in unnecessary financial and administrative burden.
14. Because Appellant failed to take corrective action as requested for the Building, the Appellant was sent a letter dated November 4, 2025, regarding a condemnation hearing that would be held on November 14, 2025, in accordance with NCGS §160D-1121.
15. The Appellant sent a response dated November 12, 2025, requesting an extension of time to comply.
16. The condemnation hearing was held on November 14, 2025, in accordance with NCGS §160D-1121, addressing the concerns of the Building at 850 Blue Ridge Road. The hearing was held at 304 Black Mountain Avenue and Senior Administrative and Building Official were in attendance.
17. The Building Inspector found that no actions have been taken to repair the property and that due to the condition of the Building, the Building is a blight, is attracting illicit activity, rodent and animal infestation, homeless activity, and is a severe safety and fire hazard. Further delay could not be granted.
18. The Building Inspector officially condemned the Building and ordered the Building to be demolished within forty-five days of receipt of the Order to Take Corrective Action.
19. The Order to Take Corrective Action, in accordance with NCGS §160D-1122, dated November 17, 2025, was sent to the Appellant.

20. The Appellant filed an appeal dated 26 November 2025 to the Town Council.
21. At the hearing, Appellant did not present any experts or witnesses who could testify in any way to rebut the findings of the Building Inspector. Appellant's only contention was to dispute the remedy required to address the condition of the Building.
22. The Building is a fire or safety hazard.
23. The Building is dangerous to life, health, or other property.

NOW, THEREFORE, based on the foregoing **FINDINGS OF FACT**, the Council hereby makes the following **CONCLUSIONS OF LAW**:

1. This Council has jurisdiction under NCGS §160D-1123 to decide appeals of any order received under NCGS §160D-1122.
2. Because the Building located at 850 Blue Ridge Road is a fire or safety hazard and otherwise dangerous to life, health, or other property, it must be promptly remedied by Appellant as prescribed below.
3. Appellant must within sixty (60) days of the date of this Order fully install at her expense a fence that is attached to the Building in its entirety and covers all openings and otherwise ensures that the Building is vacant and not accessible to any member of the public. The fence must allow air flow and visibility to the interior of the Building. If the Appellant fails to timely install the fencing, then the Building without further notice to the Appellant may be immediately demolished at the expense of Appellant.
4. The Town Council retains the right to revisit this matter if any conditions change or to exercise all remedies available by law, including NCGS 160D-1125.

NOW, THEREFORE, based on the forgoing **FINDINGS OF FACT AND CONCLUSIONS OF LAW**, the Town of Black Mountain by and through its Town Council **ORDERS** as follows:

Upon motion and second, this Council affirms, by a vote of 3-0 of the voting Council members present, the Building at 850 Blue Ridge Road is a fire and safety hazard and is dangerous to life, health, or other property. The Appellant shall timely complete the corrective action set forth above.

2026.

This the _____ day of _____,

Town of Black Mountain Town Council

By:

C. Michael Sobol, Mayor



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Michelle Kennedy, Planning Director
MEETING DATE: April 13, 2026

AGENDA SECTION: Public Hearing
DEPARTMENT: Planning & Development Services

TITLE OF ITEM: Public Hearing to Amend Chapter 1, Section 1.7.3, Variances, to remove the requirement that only signs in the historic district may seek a variance from the sign regulations.

SUGGESTED MOTION(S):

I move that we approve the proposed text amendment to Chapter 1, Section 1.7.3, Variances, as presented and find that the proposed change is consistent with current state regulations and find that this recommendation promotes the general welfare and is in keeping with good zoning practice.

SUMMARY:

The current text only allows for signs within the historic district to seek a variance from the sign regulations. This means that business owners and property owners outside the historic district wanting to make a case to the board of adjustment that there is something uniquely impinging or restrictive about their property that presents an unnecessary hardship related to the strict application of the sign regulations and that is outside the allowances of Section 9.10, Administrative Adjustments of Signage Regulations, cannot do so. Such a prohibition is unreasonably restrictive and outside the spirit and intent of both Section 1.7.3 and Section 9.1. The recommendation from staff is to delete item (D)(5) in its entirety. The Planning Board heard this proposed amendment at their February 23, 2026, regular meeting and voted 4-0 to recommend the amendment as proposed.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? Type answer here. If no impact, put N/A

If no, describe how it will be funded. Type answer here. If no impact, put N/A

ATTACHMENTS:

1. 26_04_13_ORDINANCE_VARIANCES

ORDINANCE #

AN ORDINANCE TO AMEND CHAPTER 1, SECTION 1.7.3, VARIANCES, OF THE TOWN OF BLACK MOUNTAIN LAND USE CODE TO REMOVE VARIANCE REQUIREMENT FOR SIGNS IN THE HISTORIC DISTRICT

WHEREAS, The Town of Black Mountain Planning Board is charged with reviewing and updating land use planning, zoning and subdivision regulations; and

WHEREAS, the Planning Board made a commitment to the Town Council to review the text of the Land Use Code in the years since its adoption to address any residual inconsistencies in the text and to look for opportunities to clarify or improve text; and

WHEREAS, upon recommendation of the Planning Board, the following text amendment is consistent with the comprehensive plan and reasonable in the public interest because it removes ambiguous language and does not limit business in other districts; and

WHEREAS, the Town of Black Mountain has the authority, pursuant to Article 7 of Chapter 160D of the North Carolina General Statutes, to adopt land development regulations, clarify such regulations, and may amend regulations from time to time in the interest of public health, safety and welfare; and

WHEREAS, the Town Council finds that the land use code text amendments are consistent with the comprehensive plan and are reasonable and in the public interest because of the following findings:

- Removes ambiguous language and does not limit business in other districts

WHEREAS, after notice duly given, a public hearing was held on April 13, 2026, as part of the regularly scheduled Town Council meeting at 6:00 p.m. in the Council Room of Town Hall, 160 Midland Avenue.

NOW, THEREFORE BE IT RESOLVED that Chapter 1, Section 1.7.3, Variances, of the Town of Black Mountain Land Use Code, be amended with the following (additions are underlined in bold and deletions are shown in red struck text):

Chapter 1

Section 1.7.3 Variances.

D. In no event shall the board of adjustment grant a variance which would:

1. Allow the establishment of a use which is not otherwise allowed in a zoning district or which would change the zoning district classification or the district boundary of the property in question.

2. Vary from the flood protection provisions within the designated floodway district in any way which would result in any increase in the flood levels during the regulatory flood discharge or threaten the public safety (see flood hazard protection ordinance concerning variances).
3. Conflict with the North Carolina State Building Code, the North Carolina Fire Code, or any other state code unless otherwise authorized by laws and regulations.
4. ~~Deviate from the sign regulations within the sign ordinance unless the requested variance is within the town's historic district and the variance would further the goals of the town's historic preservation commission.~~

READ, APPROVED AND ADOPTED, by a vote of _____ to _____ on this the 13th day of April 2026.

C. Michael Sobol, Mayor

ATTEST:

Wesley M. Barker, Town Clerk



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Michelle Kennedy, Planning Director

MEETING DATE: April 13, 2026

AGENDA SECTION: Public Hearing

DEPARTMENT: Planning & Development Services

TITLE OF ITEM: Public Hearing to Amend Chapter 9, Section 9.10, Administrative Adjustment of Signage Regulations, to add additional administrative adjustments for ground signs, cantilevered ground signs, and development identification signs.

SUGGESTED MOTION(S):

I move that we approve the proposed text amendment to Chapter 9, Section 9.10, Guidelines for Administrative Adjustment of Signage Regulations as presented and find that the proposed change is consistent with current state regulations and find that the recommendation promotes the general welfare and is in keeping with good zoning practice.

SUMMARY:

The eight sign standards in the Allowable Administrative Adjustments table support the intent statement of Chapter 9, which states that it is the intent of the Town of Black Mountain to allow administrative adjustment of the sign ordinance standards to provide flexibility that is compatible with the town's character; to acknowledge the artistic creativity of sign makers, business owners, and individuals; to create visual harmony between the sign, structure, and site where the sign is located; and to enhance retail areas consistent with Elevate Black Mountain, subsequent small area plans, development agreements, and form-based district codes. The proposed amendment would address the need for the development pattern of the town, as well as evolving marketplace conditions, to be more fully reflected in the standards. The Planning Board heard the amendment at their February 23, 2026, meeting and recommended the amendment be approved as presented by a vote of 4-0.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? Type answer here. If no impact, put N/A

If no, describe how it will be funded. Type answer here. If no impact, put N/A

ATTACHMENTS:

1. 26_04_13_ORDINANCE_SIGNS

ORDINANCE #

AN ORDINANCE TO AMEND CHAPTER 9, SECTION 9.10, GUIDELINES FOR ADMINISTRATIVE ADJUSTMENT OF SIGNAGE REGULATIONS, OF THE TOWN OF BLACK MOUNTAIN LAND USE CODE TO ADD ADDITIONAL ADMINISTRATIVE ADJUSTMENTS FOR GROUND SIGNS, CANTILEVERED GROUND SIGNS, AND DEVELOPMENT IDENTIFICATION SIGNS

WHEREAS, The Town of Black Mountain Planning Board is charged with reviewing and updating land use planning, zoning and subdivision regulations; and

WHEREAS, the Planning Board made a commitment to the Town Council to review the text of the Land Use Code in the years since its adoption to address any residual inconsistencies in the text and to look for opportunities to clarify or improve text; and

WHEREAS, upon recommendation of the Planning Board, the following text amendment is consistent with the comprehensive plan and reasonable in the public interest because it accommodates the business community and allows more flexibility; and

WHEREAS, the Town of Black Mountain has the authority, pursuant to Article 7 of Chapter 160D of the North Carolina General Statutes, to adopt land development regulations, clarify such regulations, and may amend regulations from time to time in the interest of public health, safety and welfare; and

WHEREAS, the Town Council finds that the land use code text amendments are consistent with the comprehensive plan and are reasonable and in the public interest because of the following findings:

- Accommodates the business community and allows more flexibility

WHEREAS, after notice duly given, a public hearing was held on April 13, 2026, as part of the regularly scheduled Town Council meeting at 6:00 p.m. in the Council Room of Town Hall, 160 Midland Avenue.

NOW, THEREFORE BE IT RESOLVED that Chapter 9, Section 9.10, Guidelines for administrative adjustment of signage regulations, of the Town of Black Mountain Land Use Code, be amended with the following (additions are underlined in bold and deletions are shown in red struck text):

Chapter 9

Section 9.10 Guidelines for administrative adjustment of signage regulations.

Allowable Administrative Adjustments

(Up to the limits set forth in the tape for the type of standard). If the modification exceeds these standards, the applicant may seek a variance from the board of adjustment.

	Standard	Standard Sign Type	Allowable Max. Administrative Adjustment (up to)
A	Distance from building facade	Wall, Projecting, Shingle, Crown	10%
B	Sign, height, display, area or dimensions	All	10%
C	Sign display area for building greater than 4 stories	Wall	10%
D	Height above sidewalk	Wall, Awning, Canopy, Projecting, Shingle	5%
E	Raceway - % of letter height	Wall, Canopy, Crown	5%
F	Sign depth	Awning, Canopy, Projecting, Shingle	10%
G	Distance from façade, entrances	Projecting, Shingle	20%
H	Distance between signs	Projecting, Shingle, Ground	20%
I	<u>Distance from abutting right-of-way</u>	<u>Ground, Cantilevered Ground</u>	<u>30%</u>
J	<u>Distance from a property line</u>	<u>Development Identification, Ground, Cantilevered Ground</u>	<u>30%</u>

READ, APPROVED AND ADOPTED, by a vote of _____ to _____ on this the 13th day of April 2026.

C. Michael Sobol, Mayor

ATTEST:

Wesley M. Barker, Town Clerk



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026

AGENDA SECTION: Public Hearing
DEPARTMENT: Administration

TITLE OF ITEM: Public Hearing on System Development Fees 5-Year Update

SUGGESTED MOTION(S):

Once the Public Hearing has been held, the Town Council can adopt new System Development Fees based on the 5-year update report. The adoption can also be a part of the budget approval process when you adopt the FY 26/27 Fee Schedule.

SUMMARY:

A public hearing has been scheduled to obtain citizen input on the 5-year update of the System Development Fees (SDF). Dale Schepers with McGill Associates will be present at the meeting to answer any questions that the Council or citizens may have.

The Town Council hired McGill Associates to complete the required 5-year update of the Town's Cost-Justified Water System Development Fees (SDF). The draft report was completed in September 2025. Notice and a copy of the draft report, and requests for citizen comments, were placed on the Town's website mid-January 2026. Citizens comments were accepted within a 45-day review period. The 45-day review period ended on March 1, 2026. Further, a copy of the draft report has been available for public inspection at Town Hall. Prior to adopting the new rates, the Council will need to hold a Public Hearing, which was duly called-for at the March 9, 2026 Council meeting to be held on April 13, 2026 at 6:00 p.m. at Town Hall.

System Development Fees 5-year Update Report:

In July 2017, the North Carolina General Assembly passed Session Law 2017-138 (HB 436), amending Chapter 162A of the General Statutes to add Article 8, System Development Fees, which establishes uniform authority, calculation requirements, and a five-year update cycle for system development fee (SDF) analyses for public water and sewer systems. Black Mountain adopted its previous SDF analysis in 2019 and is therefore required to complete an updated analysis. The SDF analysis calculates the cost per unit volume of existing and planned utility assets that provide capacity for new development, with fees assessed per Service Unit, defined as the demand of a typical customer. A three-bedroom single-family residence qualifies as an

Equivalent Residential Unit (ERU) with an assigned water demand of 400 gallons per day under NC Administrative Code. This report documents the methodology and calculations used to update the SDF analysis, which must be prepared by a qualified engineer or financial professional; McGill Associates, PA meets these qualifications and conducted the analysis using industry-standard practices.

Background Information:

The Town of Black Mountain's System Development Fees is part of the Town's Code of Ordinances in [Chapter 48: Utilities, Article IV: System Development Fees](#).

This Ordinance section explains what system development fees are and why they are charged. System development fees apply to new development that increases demand on the Town's water or sewer systems and are used to recover the cost of existing infrastructure and to help fund capital improvements needed to provide additional system capacity. The fees are required to comply with North Carolina General Statutes Chapter 162A, Article 8, and ensure that growth pays for the infrastructure needed to serve it, rather than shifting those costs to existing customers. The ordinance defines what qualifies as new development, when fees apply and are collected, what costs are excluded, and how fees are calculated based on anticipated water use. It also outlines exemptions, credits, and timing provisions to ensure fees are assessed fairly and consistently, with all collected funds restricted to water and sewer capital improvements.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

1. DRAFT REPORT - Black Mountain SDF Update 20250918

DRAFT REPORT

**COST- JUSTIFIED WATER
SYSTEM DEVELOPMENT FEES**

5-YEAR UPDATE REPORT

**TOWN OF BLACK MOUNTAIN,
NORTH CAROLINA**

Joel L. Storrow, PE, Senior Principal
Dale R. Schepers, Financial Services Analyst



55 Broad Street
Asheville, NC 28801
Firm License No.: C-0459

SEPTEMBER 2025
PROJECT NO. 24.02508

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House Bill 436 Session Law 2017-138
NC Administrative Code 15A NCAC 02T .0114
NC Administrative Code 15A NCAC 18C .0409

EXECUTIVE SUMMARY and PURPOSE STATEMENT

Executive Summary:

The North Carolina General Assembly passed Session Law 2017-138 House Bill 436 (HB 436) in July 2017 amending Chapter 162A of the General Statutes by adding “Article 8, System Development Fees.” This amendment was enacted as “An Act to Provide for Uniform Authority to Implement System Development Fees for Public Water and Sewer Systems in North Carolina and to Clarify the Applicable Statute of Limitations” which requires compliance with designated calculation methodology. Article 8 requires an update to the System Development Fee (SDF) analysis to be performed at least every 5 years. Black Mountain adopted its previous analysis in 2019 and therefore must address the requirement for an updated analysis.

The SDF analysis is based on the calculated cost per unit volume of utility assets that provide available capacity to supply new development, both now and in the future. Fees are required to be calculated per Service Unit, which is the defined level of demand associated with the typical utility customer. A three-bedroom single family residence fits this definition and is referred to as an Equivalent Residential Unit (ERU). The associated level of demand for this customer type can therefore be assigned 400 gallons per day (gpd) for water as specified in NC Administrative Code 15A NCAC 18C .0409.

Table 0.0.1 – Cost per Unit Volume and Cost per Service Unit

Town of Black Mountain: Equivalent Residential Unit Calculation				
Item	Cost-Justified System Development Fee Calculation	Cost of Capacity \$/GPD	Customer Demand GPD	Cost per Unit Capacity
1	Water System	\$ 10.66	400	\$ 4,264

The fee for other types of development can be determined by applying the calculated cost of capacity per gallon of demand per day for various uses as defined by NC Administrative Code 15A NCAC 18C .0409 and 15A NCAC 02T.0114 using the above cost of capacity values for the water system.

Purpose Statement:

This report documents the results of the approach, method and calculations for updating the system development fee analysis. In accordance with North Carolina General Statute 162A, Article 8, system development fees must be determined by a qualified engineer or financial professional using industry standard practices. McGill Associates, PA (McGill) is qualified in engineering disciplines and financial analysis and has the expertise and experience to determine system development fees. For more than 40 years, the firm has provided professional services and advice to hundreds of local government units, water authorities and special districts on developing and implementing utility master plans, capital improvement programs, user rates, charges and other fees, including capacity charges. The approach, methodology and calculations are based on American Water Works Association (AWWA) Manual of Water Supply Practices – M1, Principles of Water Rates, Fees, and Charges, Seventh Edition.

Black Mountain has made significant investments in water system assets that will continue to provide available capacity for new connections and future development. The Town desires to continue using System Development Fees to recover a reasonable portion of the costs associated with providing capacity.

The overall result of this effort will establish the maximum cost-justified System Development Fee using common industry practices and industry standards. McGill has relied on information and assumptions provided by the Town, who is most knowledgeable of the water system, its finances, etc., and has not independently verified the accuracy of the information provided by the Town. Such sources have therefore been deemed reliable and the information obtained to be reasonable and appropriate for the analysis undertaken and the conclusions reached. Black Mountain may elect to implement fees of lesser value; however, any adjustment must be calculated on a cost per unit volume basis.

This report does not constitute a recommendation of an SDF amount. Black Mountain has full authority to charge any fee amount, up to the maximum calculated herein, provided it is applied to the relative demands of new development proportionally. Evaluation of local factors, preferences, etc., may influence the Town’s decision. The final SDF fee amount is required to be determined by the Town of Black Mountain and adopted in accordance with applicable State and local regulations and policies prior to implementation.

System Development Fees are defined as a charge imposed on each new customer or development that generally offsets the incremental cost of replacing existing and/or constructing new capital assets to provide capacity that will continue to meet the demands placed on the system by each new customer or development. Since system capacity must, without exception, exceed customer demands, the major infrastructure components providing this capacity must be planned and constructed well in advance and in large enough increments to keep pace with the anticipated demands of new development on the available system capacity.

By definition, SDFs are based on the costs for capacity-related infrastructure that provide a general benefit to all customers, typically referred to as major backbone infrastructure components. Eligible asset types include source-of-supply, water treatment, pumping, storage and transmission. McGill engineers identified assets that function as backbone components using asset registries, water maps, GIS attributes and other records provided by the Town. Town Staff reviewed the information and filled in data gaps to complete the list of assets eligible for inclusion in the SDF calculation.

AWWA methodology cites a Rational Nexus, which is a reasonable relationship, must be established between the fee charged and the cost associated with providing capacity to new customers. The Rational Nexus Test consists of three elements: 1) a review of historical development patterns and available planning documents to verify general alignment between capacity demands driven by development and capital improvements that are, and will be needed to provide the required capacity; 2) a determination of the proportionate share of costs to be borne by new development through appropriate methodology and calculation and 3) establishing a reasonable allocation of costs associated with new development in relation to the service benefits received by the new development through appropriate methodology and calculations.

The first element of the Rational Nexus Test was determined to be favorable for the Town's water system based on water source of supply, production capacity, storage and transmission compared to historical and projected system demands.

Using Black Mountain's annual water demand records, the water system has adequate capacity to support new development at present and through 2028. Water system capacity was recorded at 1.266 million gallons per day (MGD) in 2024 which is greater than the average day demand of 1.000 MGD by 13%. Forecasts indicate available capacity may not be able to address anticipated demand beyond 2028; therefore, a water transmission line upgrade is planned to be completed in 2029 to address the need for additional capacity. Table 1.01 summarizes current and projected capacities and availability for water supply.

Table 1.0.1 – Black Mountain Water Capacity Availability Projection

Town of Black Mountain Capacity Availability Projection (MGD)				
Item	Existing Water System Infrastructure	2024	2030	2040
WC1	Water Capacity	1.266	2.100	2.100
WC2	Water Average Day Demand	1.100	1.155	1.253
Available Water Capacity		0.166	0.945	0.847

Source: Town of Black Mountain Records

Therefore, the existing water system facilities appear to be adequate to meet the projected demand through 2028. Additional system capacity is planned to be constructed in 2029, which will add approximately 0.83 MGD that will provide adequate capacity thorough 2040. Table 1.0.1 is based on Black Mountain’s reported annual rate of future water demand increase on its most recent Local Water Supply Plan at 0.8%. This rate of change is consistent with the 5-year running average of annual historical population growth dating back to 2010 at 0.7%, and a forecasted 0.8% annual rate of population growth for Buncombe County (2020 through 2043) published in the Buncombe County Factbook-2022 by Woods and Poole Economics.

The remaining elements of the Rational Nexus Test are demonstrated through appropriate methodology and calculations in the following sections.

Three methods for calculating system development charges are recognized in the industry as cost justified (AWWA, M1 Manual, 7th Edition, Chapter VII.2). Each of these methods meet the requirement of the Rational Nexus standard, and as set forth in North Carolina General Statute 162A Article 8 “System Development Fees”. An explanation of each method and its general application to calculating system development fees are presented as follows:

Buy-In Method

The Buy-In Method is used where existing system capacity is available to provide service to new development. This includes capacity-related assets that are classified as construction work in process. New customers essentially “buy” their proportionate share of system capacity from the current customer base (“system owners”) at the current cost or value of the existing facilities. HB 436 requires appropriate adjustments to replacement cost such as “debt credits, grants, and other generally accepted valuation adjustments.”

Incremental Cost Method

The Incremental Cost Method is used to assign new development the incremental cost of capital assets required for providing additional system capacity. Generally, this method is considered most appropriate when the existing system does not have sufficient available capacity, and a significant portion of the capacity required to serve new customers must be provided by the construction of new facilities. This method should include supporting details that identify construction costs, scheduling, financing, funding source(s), etc., tied to a capital improvements plan (CIP), utilities master plan, and/or other approved planning document(s) that cover a planning horizon of 10 to 20 years.

Combined Method

The Combined Method is a combination of the Buy-In and Incremental Cost Methods. It is used where existing assets provide some system capacity to accommodate new development and applicable capital plan(s) also identify significant capital investment proposed to add infrastructure required to address future growth and capacity needs.

3.0

CALCULATION of SYSTEM DEVELOPMENT FEES

The **Combined Method** is the appropriate approach to calculate Black Mountain’s system development fees. The current water supply can only support projected system demands through 2028. Upsizing water transmission infrastructure from the Town’s point of purchase with the City of Asheville is needed by 2029 to increase capacity enough to support projected development well beyond the 10-year planning period.

3.1 Existing System Capacity Availability

Case law following HB 436 legislation establishes that delivery of available system capacity must be contemporaneous with receipt of applied and collected system development fees. Therefore, availability of adequate system capacity must be demonstrated and maintained.

The water system has current available capacity as follows:

Table 3.1.1– Black Mountain Available System Capacity

Town of Black Mountain Water System Available Capacity				
Item	System Capacity - Million Gallons Per Day (MGD)	System Capacity	System Demand	Available Capacity
1	Water System	1.27	1.100	0.166

Source: Records provided by the BLACK MOUNTAIN.

Black Mountain’s water system has 13% of its capacity available to provide service to new development.

3.2 System Development Fee Calculation – Combined Method

After demonstrating that capacity is available to meet short-term development needs, the overall value of existing assets providing that capacity can be calculated on a cost per gallon per day (\$/gpd) basis using the Buy-In Method. The value of future capital assets required to address capacity needs above what is available through existing facilities can then be calculated using the Incremental Method and combined with the Buy-In value to produce the total System Development Fee.

3.2.1 Buy-In Method Component

Assets included in the buy-in component of the valuation process are the existing capacity-related backbone components of the utility. These assets are responsible for the available capacity in the system and are necessary to generally provide service to existing and potential customers. Water assets functioning as system backbone components were identified by McGill's engineering staff under the direction of licensed professional engineers experienced in water utility system design and performance to be included in the SDF calculation.

Town staff identified backbone components contributed by or paid for by others through (developer) donated assets, contributed capital, grants, loan principal forgiveness, etc. These assets are ineligible since the cost of these assets were not "paid for" by the utility's existing customers. Present value of assets partially funded by others were adjusted by the present value of grants, principal forgiveness and other contributions that offset original project costs to the Town. Also, non-capacity related assets such as vehicles, computers, software, etc., were excluded from the calculation.

The preferred AWWA method to determine asset value is Replacement Cost New Less Depreciation (RCNLD). This method is based on the premise that SDFs reflect the value of providing a given amount of new capacity at the cost of constructing those assets responsible for providing capacity at the time new customers are connected. This reasonably compensates existing customers for carrying the costs of constructing capital assets in advance to provide the necessary capacity for new development.

RCNLD is determined using several types of records and resources including the utility's current fixed asset records, GIS data, construction records, previous studies and analyses, operations staff, engineers and financial analysts. Records and asset-related databases that provide adequate details on original cost, date of acquisition and depreciation rate of eligible assets can be used to determine Replace Cost New (RCN) using an accepted construction cost index such as the Handy-Whitman Index of Construction Costs for the South Atlantic Region. Depreciation can then be deducted based on each asset type using Black Mountain's applied rates of depreciation to reach RCNLD.

For eligible assets lacking sufficient inventory record details of cost and date of acquisition, McGill determined Replacement Cost New (RCN) based on the best judgement of qualified and experienced professional engineers using historical information, specific project conditions and other cost factors associated with the local construction market. Applicable rates of depreciation are then applied to reach RCNLD.

Table 3.2.1– Water System Cost of Existing Utility Assets Providing Available Capacity

Town of Black Mountain: Water System Development Fee Buy-In Valuation		Amount
Item	System Asset Description	RCNLD*
Water System Assets: Eligible System Backbone Components		
W1	Water Source and Production	\$ 3,341,631
W2	Pumping and Storage	\$ 3,593,054
W3	Transmission Mains	\$ 5,740,722
Subtotal - Water System Assets		\$ 12,675,408
Less Grants and Contributed Capital		\$ -
Less Outstanding Debt Principal paid through Rates		\$ (445,956)
Equals: Net Water System Value		\$ 12,229,452
Divide by: Water System Capacity (MGD)		1.27
Equals: Unit Valuation of Water System (\$/MGD)		\$ 9,659,914
Divide by: 1,000,000 gallons (\$/GPD)		\$ 9.66

The above SDF eligible system asset valuations exclude funding provided by outside sources including grants, donated infrastructure, principal forgiveness, etc. Credit is given for outstanding principal on existing debt obligation(s). Excluding outstanding debt principal from the SDF calculation prevents a double charge for debt principal, once as part of the fee and again in user charges applied to retire the debt.

3.2.2 Incremental Cost Method Component

Assets included in the incremental cost method component of the valuation process are capacity-related backbone components needed to provide additional capacity to support new development that is anticipated through the 10-year planning period. The value assigned to future assets is based on total project costs including planning, engineering, legal, construction and administration that are escalated by 3.5% per year from the present to the year construction is completed and the asset is placed in service and additional system capacity is available.

Table 3.2.2 – Water System Cost of Future Assets Providing Available Capacity

Black Mountain Capacity-Related Component Incremental Valuation		
CIP Item	Water System Asset Description	SDF Asset Valuation
Water System Assets		
WI 1	US70 Water Supply Line Upsize	\$ 1,634,934
<u>Valuation Adjustments and Calculation of Cost-Justified Fee</u>		
	Less Funding by Outside Sources:	\$ -
	Less Revenue Credit: Present Value of Future Revenue for Debt Service	\$ (801,000)
	Equals: Adjusted Net Asset Valuation	\$ 833,934
	Divided by: Incremental Capacity (MGD)	0.83
	Equals: Valuation per Unit Volume (\$/MGD)	\$ 999,921
	Divided by: 1,000,000 gallons = \$/GPD	\$ 1.00

The above asset valuation requires a revenue credit adjustment based on the present value of projected water revenue required to offset anticipated debt service related to financing incremental capacity-related capital investments scheduled for the 10-year planning period or 25% of the aggregate cost of the capital project, whichever is greater. In this case the latter of these is the greater value and therefore deducted from the incremental capital project.

3.2.1 Cost per Unit Volume

The cost per unit volume is the value that can be applied uniformly to all potential customers.

Following determination of net water system values, system capacity is divided into the net system value to produce the cost per unit volume, expressed as dollars-per-gallons-per-day (\$/GPD). This measure becomes the starting point by establishing the cost of each gallon of capacity that is available for use. Using the NC Administrative Code 15A NCAC 18C .0409 and 15A NCAC 02T .0114 Design Flow Rates.

4.0 SERVICE UNIT CALCULATIONS: EQUIVALENT RESIDENTIAL UNITS

HB 436 requires SDF calculations to be applied to various categories of customer demands based on service units or Equivalent Residential Units (ERU). An ERU is defined as the water capacity required to serve the most typical user type which is a three-bedroom single-family dwelling. North Carolina Division of Water Resources (DWR) design standards for constructing water systems, NC Administrative Code 15A NCAC 18C .0409 and 15A NCAC 02T .0114 establish daily flow requirements based on this type of service connection.

Table 4.0.1– System Development Fees: Equivalent Residential Unit, Water System

Town of Black Mountain: Cost per Unit Volume and Cost per Unit of Development			
Item	Cost-Justified System Development Fee Calculation	Cost of Capacity \$/ GPD	Cost per Dev. Unit \$/ERU
1	Water System	\$ 10.66	\$ 4,264

5.0 APPLICATION of SYSTEM DEVELOPMENT FEES and SERVICE UNIT EQUIVALENCY

North Carolina General Statutes Chapter 162A-205 requires the development of an equivalency or conversion table to determine fees applicable to various categories of demand. NC Administrative Code 15A NCAC 18C .0409 and 15A NCAC 02T .0114, define other service connection types and the associated system demands on a per gallon per day basis. Therefore, these tables serve as an equivalency or conversion for use in determining applicable SDFs for various categories of demand and types of establishments. This approach also ensures that the same standards used to plan, design, construct and finance capacity-related capital assets are the same basis for determining cost recovery for new development.

DRAFT

Appendix

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Appendix

House Bill 436 Session Law 2017-138

NC Administrative Code 15A NCAC 02T .0114

NC Administrative Code 15A NCAC 18C .0409

House Bill 436 Session Law 2017-138

DRAFT

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2017

SESSION LAW 2017-138
HOUSE BILL 436

AN ACT TO PROVIDE FOR UNIFORM AUTHORITY TO IMPLEMENT SYSTEM DEVELOPMENT FEES FOR PUBLIC WATER AND SEWER SYSTEMS IN NORTH CAROLINA AND TO CLARIFY THE APPLICABLE STATUTE OF LIMITATIONS.

The General Assembly of North Carolina enacts:

SECTION 1. Chapter 162A of the General Statutes is amended by adding a new Article to read:

"Article 8.

"System Development Fees.

"§ 162A-200. Short title.

This Article shall be known and may be cited as the "Public Water and Sewer System Development Fee Act."

"§ 162A-201. Definitions.

The following definitions apply in this Article:

- (1) Capital improvement. – A planned facility or expansion of capacity of an existing facility other than a capital rehabilitation project necessitated by and attributable to new development.
- (2) Capital rehabilitation project. – Any repair, maintenance, modernization, upgrade, update, replacement, or correction of deficiencies of a facility, including any expansion or other undertaking to increase the preexisting level of service for existing development.
- (3) Existing development. – Land subdivisions, structures, and land uses in existence at the start of the written analysis process required by G.S. 162A-205, no more than one year prior to the adoption of a system development fee.
- (4) Facility. – A water supply, treatment, storage, or distribution facility, or a wastewater collection, treatment, or disposal facility, including for reuse or reclamation of water, owned or operated, or to be owned or operated, by a local governmental unit and land associated with such facility.
- (5) Local governmental unit. – Any political subdivision of the State that owns or operates a facility, including those owned or operated pursuant to local act of the General Assembly or pursuant to Part 2 of Article 2 of Chapter 130A, Article 15 of Chapter 153A, Article 16 of Chapter 160A, or Articles 1, 4, 5, 5A, or 6 of Chapter 162A of the General Statutes.
- (6) New development. – Any of the following occurring after the date a local government begins the written analysis process required by G.S. 162A-205, no more than one year prior to the adoption of a system development fee, which increases the capacity necessary to serve that development:
 - a. The subdivision of land.



- b. The construction, reconstruction, redevelopment, conversion, structural alteration, relocation, or enlargement of any structure which increases the number of service units.
 - c. Any use or extension of the use of land which increases the number of service units.
- (7) Service. – Water or sewer service, or water and sewer service, provided by a local governmental unit.
- (8) Service unit. – A unit of measure, typically an equivalent residential unit, calculated in accordance with generally accepted engineering or planning standards.
- (9) System development fee. – A charge or assessment for service imposed with respect to new development to fund costs of capital improvements necessitated by and attributable to such new development, to recoup costs of existing facilities which serve such new development, or a combination of those costs, as provided in this Article. The term includes amortized charges, lump-sum charges, and any other fee that functions as described by this definition regardless of terminology. The term does not include any of the following:
- a. A charge or fee to pay the administrative, plan review, or inspection costs associated with permits required for development.
 - b. Tap or hookup charges for the purpose of reimbursing the local governmental unit for the actual cost of connecting the service unit to the system.
 - c. Availability charges.
 - d. Dedication of capital improvements on-site, adjacent, or ancillary to a development absent a written agreement providing for credit or reimbursement to the developer pursuant to G.S. 153A-280, 153A-451, 160A-320, 160A-499 or Part 3A of Article 18, Chapter 153A or Part 3D of Article 19, Chapter 160A of the General Statutes.
 - e. Reimbursement to the local governmental unit for its expenses in constructing or providing for water or sewer utility capital improvements adjacent or ancillary to the development if the owner or developer has agreed to be financially responsible for such expenses; however, such reimbursement shall be credited to any system development fee charged as set forth in G.S. 162A-207(c).
- (10) System development fee analysis. – An analysis meeting the requirements of G.S. 162A-205.

"§ 162A-202. Reserved.

"§ 162A-203. Authorization of system development fee.

(a) A local governmental unit may adopt a system development fee for water or sewer service only in accordance with the conditions and limitations of this Article.

(b) A system development fee adopted by a local governmental unit under any lawful authority other than this Article and in effect on October 1, 2017, shall be conformed to the requirements of this Article not later than July 1, 2018.

"§ 162A-204. Reserved.

"§ 162A-205. Supporting analysis.

A system development fee shall be calculated based on a written analysis, which may constitute or be included in a capital improvements plan, that:

- (1) Is prepared by a financial professional or a licensed professional engineer qualified by experience and training or education to employ generally accepted accounting, engineering, and planning methodologies to calculate system development fees for public water and sewer systems.
- (2) Documents in reasonable detail the facts and data used in the analysis and their sufficiency and reliability.
- (3) Employs generally accepted accounting, engineering, and planning methodologies, including the buy-in, incremental cost or marginal cost, and combined cost methods for each service, setting forth appropriate analysis as to the consideration and selection of a method appropriate to the circumstances and adapted as necessary to satisfy all requirements of this Article.
- (4) Documents and demonstrates the reliable application of the methodologies to the facts and data, including all reasoning, analysis, and interim calculations underlying each identifiable component of the system development fee and the aggregate thereof.
- (5) Identifies all assumptions and limiting conditions affecting the analysis and demonstrates that they do not materially undermine the reliability of conclusions reached.
- (6) Calculates a final system development fee per service unit of new development and includes an equivalency or conversion table for use in determining the fees applicable for various categories of demand.
- (7) Covers a planning horizon of not less than 10 years nor more than 20 years.
- (8) Is adopted by resolution or ordinance of the local governmental unit in accordance with G.S. 162A-209.

"§ 162A-206. Reserved.

"§ 162A-207. Minimum requirements.

(a) Maximum. – A system development fee shall not exceed that calculated based on the system development fee analysis.

(b) Revenue Credit. – In applying the incremental cost or marginal cost, or the combined cost, method to calculate a system development fee with respect to water or sewer capital improvements, the system development fee analysis must include as part of that methodology a credit against the projected aggregate cost of water or sewer capital improvements. That credit shall be determined based upon generally accepted calculations and shall reflect a deduction of either the outstanding debt principal or the present value of projected water and sewer revenues received by the local governmental unit for the capital improvements necessitated by and attributable to such new development, anticipated over the course of the planning horizon. In no case shall the credit be less than twenty-five percent (25%) of the aggregate cost of capital improvements.

(c) Construction or Contributions Credit. – In calculating the system development fee with respect to new development, the local governmental unit shall credit the value of costs in excess of the development's proportionate share of connecting facilities required to be oversized for use of others outside of the development. No credit shall be applied, however, for water or sewer capital improvements on-site or to connect new development to water or sewer facilities.

"§ 162A-208. Reserved.

"§ 162A-209. Adoption and periodic review.

(a) For not less than 45 days prior to considering the adoption of a system development fee analysis, the local governmental unit shall post the analysis on its Web site and solicit and furnish a means to submit written comments, which shall be considered by the preparer of the analysis for possible modifications or revisions.

(b) After expiration of the period for posting, the governing body of the local governmental unit shall conduct a public hearing prior to considering adoption of the analysis with any modifications or revisions.

(c) The local governmental unit shall publish the system development fee in its annual budget or rate plan or ordinance. The local governmental unit shall update the system development fee analysis at least every five years.

"§ 162A-210. Reserved.

"§ 162A-211. Use and administration of revenue.

(a) Revenue from system development fees calculated using the incremental cost method or marginal cost method, exclusively or as part of the combined cost method, shall be expended only to pay:

- (1) Costs of constructing capital improvements including, and limited to, any of the following:
 - a. Construction contract prices.
 - b. Surveying and engineering fees.
 - c. Land acquisition cost.
 - d. Principal and interest on bonds, notes, or other obligations issued by or on behalf of the local governmental unit to finance any costs for an item listed in sub-subdivisions a. through c. of this subdivision.
- (2) Professional fees incurred by the local governmental unit for preparation of the system development fee analysis.
- (3) If no capital improvements are planned for construction within five years or the foregoing costs are otherwise paid or provided for, then principal and interest on bonds, notes, or other obligations issued by or on behalf of a local governmental unit to finance the construction or acquisition of existing capital improvements.

(b) Revenue from system development fees calculated using the buy-in method may be expended for previously completed capital improvements for which capacity exists and for capital rehabilitation projects. The basis for the buy-in calculation for previously completed capital improvements shall be determined by using a generally accepted method of valuing the actual or replacement costs of the capital improvement for which the buy-in fee is being collected less depreciation, debt credits, grants, and other generally accepted valuation adjustments.

(c) A local governmental unit may pledge a system development fee as security for the payment of debt service on a bond, note, or other obligation subject to compliance with the foregoing limitations.

(d) System development fee revenues shall be accounted for by means of a capital reserve fund established pursuant to Part 2 of Article 3 of Chapter 159 of the General Statutes and limited as to expenditure of funds in accordance with this section.

"§ 162A-212. Reserved.

"§ 162A-213. Time for collection of system development fees.

For new development involving the subdivision of land, the system development fee shall be collected by a local governmental unit either at the time of plat recordation or when water or sewer service for the subdivision or other development is committed by the local governmental unit. For all other new development, the local governmental unit shall collect the system development fee at the time of application for connection of the individual unit of development to the service or facilities.

"§ 162A-214. Reserved.

"§ 162A-215. Narrow construction.

Notwithstanding G.S. 153A-4 and G.S. 160A-4, in any judicial action interpreting this Article, all powers conferred by this Article shall be narrowly construed to ensure that system development fees do not unduly burden new development."

SECTION 2. G.S. 130A-64 reads as rewritten:

"§ 130A-64. Service charges and rates.

(a) A sanitary district board shall apply service charges and rates based upon the exact benefits derived. These service charges and rates shall be sufficient to provide funds for the maintenance, adequate depreciation and operation of the work of the district. If reasonable, the service charges and rates may include an amount sufficient to pay the principal and interest maturing on the outstanding bonds and, to the extent not otherwise provided for, bond anticipation notes of the district. Any surplus from operating revenues shall be set aside as a separate fund to be applied to the payment of interest on or to the retirement of bonds or bond anticipation notes. The sanitary district board may modify and adjust these service charges and rates.

(b) The district board may require system development fees only in accordance with Article 8 of Chapter 162A of the General Statutes."

SECTION 3. G.S. 153A-277 reads as rewritten:

"§ 153A-277. Authority to fix and enforce rates.

(a) A county may establish and revise from time to time schedules of rents, rates, fees, charges, and penalties for the use of or the services furnished or to be furnished by a public enterprise. Schedules of rents, rates, fees, charges, and penalties may vary for the same class of service in different areas of the county and may vary according to classes of service, and different schedules may be adopted for services provided outside of the county. A county may include a fee relating to subsurface discharge wastewater management systems and services on the property tax bill for the real property where the system for which the fee is imposed is located.

...

(a2) A county may require system development fees only in accordance with Article 8 of Chapter 162A of the General Statutes.

...."

SECTION 4.(a) G.S. 160A-314 reads as rewritten:

"§ 160A-314. Authority to fix and enforce rates.

(a) A city may establish and revise from time to time schedules of rents, rates, fees, charges, and penalties for the use of or the services furnished or to be furnished by any public enterprise. Schedules of rents, rates, fees, charges, and penalties may vary according to classes of service, and different schedules may be adopted for services provided outside the corporate limits of the city.

...

(e) A city may require system development fees only in accordance with Article 8 of Chapter 162A of the General Statutes."

SECTION 4.(b) G.S. 160A-317 is amended by adding a new subsection to read:

"(a4) System Development Fees. – A city may require system development fees only in accordance with Article 8 of Chapter 162A of the General Statutes."

SECTION 5.(a) G.S. 162A-6(a) is amended by adding a new subdivision to read:

"(9a) To impose and require system development fees only in accordance with Article 8 of this Chapter."

SECTION 5.(b) G.S. 162A-9 is amended by adding a new subsection to read:

"(a5) An authority may require system development fees only in accordance with Article 8 of this Chapter."

SECTION 6.(a) G.S. 162A-36(a) is amended by adding a new subdivision to read:

"(8a) To impose and require system development fees only in accordance with Article 8 of this Chapter."

SECTION 6.(b) G.S. 162A-49 reads as rewritten:

"§ 162A-49. Rates and charges for services.

(a) The district board may fix, and may revise from time to time, rents, rates, fees and other charges for the use of land for the services furnished or to be furnished by any water system or sewerage system or both. Such rents, rates, fees and charges shall not be subject to supervision or regulation by any bureau, board, commission, or other agency of the State or of any political subdivision. Any such rents, rates, fees and charges pledged to the payment of revenue bonds of the district shall be fixed and revised so that the revenues of the water system or sewerage system or both, together with any other available funds, shall be sufficient at all times to pay the cost of maintaining, repairing and operating the water system or the sewerage system or both, the revenues of which are pledged to the payment of such revenue bonds, including reserves for such purposes, and to pay the interest on and the principal of such revenue bonds as the same shall become due and payable and to provide reserves therefor. If any such rents, rates, fees and charges are pledged to the payment of any general obligation bonds issued under this Article, such rents, rates, fees and charges shall be fixed and revised so as to comply with the requirements of such pledge. The district board may provide methods for collection of such rents, rates, fees and charges and measures for enforcement of collection thereof, including penalties and the denial or discontinuance of service.

(b) The district board may require system development fees only in accordance with Article 8 of this Chapter."

SECTION 7.(a) G.S. 162A-69 is amended by adding a new subdivision to read:

"(8a) To impose and require system development fees only in accordance with Article 8 of this Chapter."

SECTION 7.(b) G.S. 162A-72 reads as rewritten:

"§ 162A-72. Rates and charges for services.

(a) The district board may fix, and may revise from time to time, rents, rates, fees and other charges for the use of and for the services furnished or to be furnished by any sewerage system. Such rents, rates, fees and charges shall not be subject to supervision or regulation by any bureau, board, commission, or other agency of the State or of any political subdivision. Any such rents, rates, fees and charges pledged to the payment of revenue bonds of the district shall be fixed and revised so that the revenues of the sewerage system, together with any other available funds, shall be sufficient at all times to pay the cost of maintaining, repairing and operating the sewerage system the revenues of which are pledged to the payment of such revenue bonds, including reserves for such purposes, and to pay the interest on and the principal of such revenue bonds as the same shall become due and payable and to provide reserves therefor. If any such rents, rates, fees and charges are pledged to the payment of any general obligation bonds issued under this Article, such rents, rates, fees and charges shall be fixed and revised so as to comply with the requirements of such pledge. The district board may provide methods for collection of such rents, rates, fees and charges and measures for enforcement of collection thereof, including penalties and the denial or discontinuance of service.

(b) The district board may require system development fees only in accordance with Article 8 of this Chapter."

SECTION 8. G.S. 162A-85.13 is amended by adding a new subsection to read:

"(a1) The district board may require system development fees only in accordance with Article 8 of this Chapter."

SECTION 9. G.S. 162A-88 reads as rewritten:

"§ 162A-88. District is a municipal corporation.

(a) The inhabitants of a county water and sewer district created pursuant to this Article are a body corporate and politic by the name specified by the board of commissioners. Under that name they are vested with all the property and rights of property belonging to the corporation; have perpetual succession; may sue and be sued; may contract and be contracted with; may acquire and hold any property, real and personal, devised, sold, or in any manner conveyed, dedicated to, or otherwise acquired by them, and from time to time may hold, invest, sell, or dispose of the same; may have a common seal and alter and renew it at will; may establish, revise and collect rates, fees or other charges and penalties for the use of or the services furnished or to be furnished by any sanitary sewer system, water system or sanitary sewer and water system of the district; and may exercise those powers conferred on them by this Article.

(b) The district board may require system development fees only in accordance with Article 8 of this Chapter."

SECTION 10.(a) G.S. 1-52(15) reads as rewritten:

"(15) For the recovery of taxes paid as provided in ~~G.S. 105-381~~ G.S. 105-381 or for the recovery of an unlawful fee, charge, or exaction collected by a county, municipality, or other unit of local government for water or sewer service or water and sewer service."

SECTION 10.(b) This section is to clarify and not alter G.S. 1-52.

SECTION 11. Sections 1 through 9 of this act become effective October 1, 2017, and apply to system development fees imposed on or after that date. Section 10 of this act, being a clarifying amendment, has retroactive effect and applies to claims accrued or pending prior to and after the date that section becomes law. Nothing in this act provides retroactive authority for any system development fee, or any similar fee for water or sewer services to be furnished, collected by a local governmental unit prior to October 1, 2017. The remainder of this act is effective when it becomes law and applies to claims accrued or pending prior to and after that date.

In the General Assembly read three times and ratified this the 29th day of June, 2017.

s/ Daniel J. Forest
President of the Senate

s/ Tim Moore
Speaker of the House of Representatives

s/ Roy Cooper
Governor

Approved 4:13 p.m. this 20th day of July, 2017

**GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2023**

**HOUSE BILL 600
RATIFIED BILL**

AN ACT TO PROVIDE FURTHER REGULATORY RELIEF TO THE CITIZENS OF NORTH CAROLINA.

The General Assembly of North Carolina enacts:

PART I. AGRICULTURE, ENERGY, ENVIRONMENT, AND NATURAL RESOURCES PROVISIONS

WATER SUPPLY WATERSHED PROTECTION CHANGES

SECTION 1. G.S. 143-214.5 reads as rewritten:

"§ 143-214.5. Water supply watershed protection.

...

(d3) A local government implementing a water supply watershed program shall allow an applicant to exceed the allowable density under the applicable water supply watershed rules if all of the following circumstances apply:

- (1) The property was developed prior to the effective date of the local water supply watershed program.
- (2) The property has not been combined with additional lots after January 1, 2021.
- (3) The property has not been a participant in a density averaging transaction under subsection (d2) of this section.
- (4) The current use of the property is nonresidential.
- (5) ~~In the sole discretion, and at the voluntary election,~~ At the election of the property owner, the stormwater from all of the existing and new any net increase in built-upon area on the property above the preexisting development is treated in accordance with all applicable local government, State, and federal laws and regulations.
- (6) The remaining vegetated buffers on the property are preserved in accordance with the local water supply watershed protection program requirements.

...."

STORMWATER PROGRAM CHANGES

SECTION 2. G.S. 143-214.7 reads as rewritten:

"§ 143-214.7. Stormwater runoff rules and programs.

...

(b2) For purposes of implementing stormwater programs, "built-upon area" means impervious surface and partially impervious surface to the extent that the partially impervious surface does not allow water to infiltrate through the surface and into the subsoil. "Built-upon area" does not include a slatted deck; the water area of a swimming pool; a surface of number 57 stone, as designated by the American Society for Testing and Materials, laid at least four inches thick over a geotextile fabric; a trail as defined in G.S. 113A-85 that is either unpaved or paved as long as the pavement is porous with a hydraulic conductivity greater than 0.001 centimeters per second (1.41 inches per hour); or landscaping material, including, but not limited to, gravel,



SHORTEN SEPTAGE MANAGEMENT PERMITTING REVIEW AND CLARIFY PUMPER TRUCK FEE

SECTION 17. G.S. 130A-291.1 reads as rewritten:

"§ 130A-291.1. Septage management program; permit fees.

...

(c) No septage management firm shall commence or continue operation that does not have a permit issued by the Department. The permit shall be issued only when the septage management firm satisfies all of the requirements of the rules adopted by the Commission. Within 90-60 business days of receiving a complete permit application, the Department shall grant or deny the permit in accordance with G.S. 130A-294(a)(4). If the permit application is denied, the Department shall return the permit application citing the reasons for the denial in writing. If the Department does not act on a complete permit application for a new septage management firm within 60 business days, the septage management firm is deemed permitted and may begin operation if all other applicable requirements of this section, G.S. 130A-291.3, and the rules adopted by the Commission are met. A septage management firm that commences operation without first having obtained a permit shall cease to operate until the firm obtains a permit under this section and shall pay an initial annual fee equal to twice the amount of the annual fee that would otherwise be applicable under subsection (e) of this section.

...

(e) A septage management firm that operates one pumper truck shall pay an annual fee of five hundred fifty dollars (\$550.00) to the Department. A septage management firm that operates two or more pumper trucks shall pay an annual fee of eight hundred dollars (\$800.00) to the Department. For the purposes of determining the fee assessed pursuant to this subsection, the number of trucks operated by a septage management firm shall be limited to only those pumper trucks and vehicles used in the transportation, containment, or consolidation of liquid septage that transport septage on State-maintained roads.

...."

WASTEWATER DESIGN FLOW RATE MODIFICATIONS

SECTION 18. G.S. 143-215.1(f3) reads as rewritten:

"(f3) The permittee for a wastewater ~~treatment system~~ may system:

- (1) May calculate its wastewater flows for new dwelling units, including units discharging to wastewater systems serving two or more dwelling units that have yet to be connected and for which the permittee has allocated capacity, at 75 gallons per day per bedroom, or at a lower rate approved by the Department. If wastewater flows are calculated pursuant to this subdivision, the minimum volume of sewage from each dwelling unit is 75 gallons per day and each additional bedroom above one bedroom increases the volume by 75 gallons per day.
- (2) Shall calculate its wastewater flows for new dwelling units discharging to wastewater systems serving two or more dwelling units that have yet to be connected and for which the permittee has not allocated capacity at 75 gallons per day per bedroom, or at a lower rate approved by the Department. For wastewater flows calculated pursuant to this subdivision, the minimum volume of sewage from each dwelling unit is 75 gallons per day and each additional bedroom above one bedroom increases the volume by 75 gallons per day."

SECTION 18.1.(a) Definitions. – For purposes of this section and its implementation:

- (1) **"Dwelling Wastewater Design Flow Rate Rule" means 15A NCAC 02T .0114 (Wastewater Design Flow Rates) as it applies to dwelling units.**

- (2) "Demonstration of Future Wastewater Treatment Capacities Rule" means 15A NCAC 02T .0118 (Demonstration of Future Wastewater Treatment Capacities).

SECTION 18.1.(b) Dwelling Wastewater Design Flow Rate Rule and Demonstration of Future Wastewater Treatment Capacities Rule. – Until the effective date of the revised permanent rules that the Environmental Management Commission is required to adopt pursuant to subsection (d) of this section, the Commission shall implement the Dwelling Wastewater Design Flow Rate Rule and the Demonstration of Future Wastewater Treatment Capacities Rule as provided in subsection (c) of this section.

SECTION 18.1.(c) Implementation. – The Environmental Management Commission shall amend:

- (1) The Wastewater Design Flow Rate Rule as it applies to the determination of the volume of sewage from dwelling units under subsection (b) of that rule to be consistent with flow rates established pursuant to G.S. 143-215.1(f3), as amended by Section 18 of this act.
- (2) The Demonstration of Future Wastewater Treatment Capacities Rule as it applies to be consistent with G.S. 143-215.1(f4) and G.S. 143-215.1(f5), as enacted by Section 1 of S.L. 2023-55.

SECTION 18.1.(d) Additional Rulemaking Authority. – The Commission shall adopt rules to amend the Dwelling Wastewater Design Flow Rate Rule and the Demonstration of Future Wastewater Treatment Capacities Rule consistent with subsection (c) of this section. Notwithstanding G.S. 150B-19(4), the rules adopted by the Commission pursuant to this section shall be substantively identical to the provisions of subsection (c) of this section. Rules adopted pursuant to this section are not subject to Part 3 of Article 2A of Chapter 150B of the General Statutes. Rules adopted pursuant to this section shall become effective as provided in G.S. 150B-21.3(b1), as though 10 or more written objections had been received as provided in G.S. 150B-21.3(b2).

SECTION 18.1.(e) Applicability and Sunset. – Rules adopted pursuant to subdivision (1) of subsection (c) of this section apply to all permits for dwelling units issued on or after November 1, 2023. This section expires when permanent rules adopted as required by subsection (d) of this section become effective.

SECTION 18.2. The Environmental Management Commission shall study whether to amend the flow rates established pursuant to 15A NCAC 02T .0114(c) for schools, charter schools, boarding schools, preschools, and day care facilities, including schools with or without cafeterias, gyms, and showers, to consider reduced water consumption associated with new plumbing fixtures and appliances.

PROHIBIT DISPOSAL OF LITHIUM-ION BATTERIES IN LANDFILLS; LIMIT DISPOSAL OF SOLAR PANELS TO LINED LANDFILLS AND OTHER APPROVED FACILITIES

SECTION 19.(a) G.S. 130A-309.10 reads as rewritten:

"§ 130A-309.10. Prohibited acts relating to packaging; coded labeling of plastic containers required; disposal of certain solid wastes in landfills or by incineration prohibited.

...

(f) No person shall knowingly dispose of the following solid wastes in landfills:

- (1) Repealed by Session Laws 1991, c. 375, s. 1.**
- (2) Used oil.**
- (3) Yard trash, except in landfills approved for the disposal of yard trash under rules adopted by the Commission. Yard trash that is source separated from**

NC Administrative Code 15A NCAC 02T .0114

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15A NCAC 02T .0114 WASTEWATER DESIGN FLOW RATES

(a) This Rule shall be used to determine wastewater flow rates for all systems governed by this Subchapter unless alternate criteria are provided by a program-specific rule or for flow used for the purposes of 15A NCAC 02H .0105. Higher flow rates shall be required where usage and occupancy are atypical, including those in Paragraph (e) of this Rule. Wastewater flow calculations shall take hours of operation and anticipated maximum occupancies and usage into account when calculating peak flows for design.

(b) In determining the volume of sewage from dwelling units, the flow rate shall be 120 gallons per day per bedroom. The minimum volume of sewage from each dwelling unit shall be 240 gallons per day and each additional bedroom above two bedrooms shall increase the volume by 120 gallons per day. Each bedroom or any other room or addition that can function as a bedroom shall be considered a bedroom for design purposes. When the occupancy of a dwelling unit exceeds two persons per bedroom, the volume of sewage shall be determined by the maximum occupancy at a rate of 60 gallons per person per day.

(c) The following table shall be used to determine the minimum allowable design daily flow of wastewater facilities. Design flow rates for establishments not identified below shall be determined using available flow data, water-using fixtures, occupancy or operation patterns, and other measured data.

Type of Establishments	Daily Flow For Design
Barber and beauty shops	
Barber Shops	50 gal/chair
Beauty Shops	125 gal/booth or bowl
Businesses, offices and factories	
General business and office facilities	25 gal/employee/shift
Factories, excluding industrial waste	25 gal/employee/shift
Factories or businesses with showers or food preparation	35 gal/employee/shift
Warehouse	100 gal/loading bay
Warehouse – self storage (not including caretaker residence)	1 gal/unit
Churches	
Churches without kitchens, day care or camps	3 gal/seat
Churches with kitchen	5 gal/seat
Churches providing day care or camps	25 gal/person (child & employee)
Fire, rescue and emergency response facilities	
Fire or rescue stations without on site staff	25 gal/person
Fire or rescue stations with on-site staff	50 gal/person/shift
Food and drink facilities	
Banquet, dining hall	30 gal/seat
Bars, cocktail lounges	20 gal/seat
Caterers	50 gal/100 sq ft floor space
Restaurant, full Service	40 gal/seat
Restaurant, single service articles	20 gal/seat
Restaurant, drive-in	50 gal/car space
Restaurant, carry out only	50 gal/100 sq ft floor space
Institutions, dining halls	5 gal/meal
Deli	40 gal/100 sq ft floor space
Bakery	10 gal/100 sq ft floor space
Meat department, butcher shop or fish market	75 gal/100 sq ft floor space
Specialty food stand or kiosk	50 gal/100 sq ft floor space
Hotels and Motels	
Hotels, motels and bed & breakfast facilities, without in-room cooking facilities	120 gal/room
Hotels and motels, with in-room cooking facilities	175 gal/room
Resort hotels	200 gal/room
Cottages, cabins	200 gal/unit
Self service laundry facilities	500 gal/machine
Medical, dental, veterinary facilities	
Medical or dental offices	250 gal/practitioner/shift
Veterinary offices (not including boarding)	250 gal/practitioner/shift

Veterinary hospitals, kennels, animal boarding facilities	20 gal/pen, cage, kennel or stall
Hospitals, medical	300 gal/bed
Hospitals, mental	150 gal/bed
Convalescent, nursing, rest homes without laundry facilities	60 gal/bed
Convalescent, nursing, rest homes with laundry facilities	120 gal/bed
Residential care facilities	60 gal/person
Parks, recreation, camp grounds, R-V parks and other outdoor activity facilities	
Campgrounds with comfort station, without water or sewer hookups	75 gal/campsite
Campgrounds with water and sewer hookups	100 gal/campsite
Campground dump station facility	50 gal/space
Construction, hunting or work camps with flush toilets	60 gal/person
Construction, hunting or work camps with chemical or portable toilets	40 gal/person
Parks with restroom facilities	250 gal/plumbing fixture
Summer camps without food preparation or laundry facilities	30 gal/person
Summer camps with food preparation and laundry facilities	60 gal/person
Swimming pools, bathhouses and spas	10 gal/person
Public access restrooms	325 gal/plumbing fixture
Schools, preschools and day care	
Day care and preschool facilities	25 gal/person (child & employee)
Schools with cafeteria, gym and showers	15 gal/student
Schools with cafeteria	12 gal/student
Schools without cafeteria, gym or showers	10 gal/student
Boarding schools	60 gal/person (student & employee)
Service stations, car wash facilities	
Service stations, gas stations	250 gal/plumbing fixture
Car wash facilities	1200 gal/bay
Sports centers	
Bowling center	50 gal/lane
Fitness, exercise, karate or dance center	50 gal/100 sq ft
Tennis, racquet ball	50 gal/court
Gymnasium	50 gal/100 sq ft
Golf course with only minimal food service	250 gal/plumbing fixture
Country clubs	60 gal/member or patron
Mini golf, putt-putt	250 gal/plumbing fixture
Go-kart, motocross	250 gal/plumbing fixture
Batting cages, driving ranges	250 gal/plumbing fixture
Marinas without bathhouse	10 gal/slip
Marinas with bathhouse	30 gal/slip
Video game arcades, pool halls	250 gal/plumbing fixture
Stadiums, auditoriums, theaters, community centers	5 gal/seat
Stores, shopping centers, malls and flea markets	
Auto, boat, recreational vehicle dealerships/showrooms with restrooms	125 gal/plumbing fixture
Convenience stores, with food preparation	60 gal/100 sq ft
Convenience stores, without food preparation	250 gal/plumbing fixture
Flea markets	30 gal/stall
Shopping centers and malls with food service	130 gal/1000 sq ft
Stores and shopping centers without food service	100 gal/1000 sq ft
Transportation terminals – air, bus, train, ferry, port and dock	5 gal/passenger

(d) Design daily flow rates for proposed non-residential developments where the types of use and occupancy are not known shall be designed for a minimum of 880 gallons per acre, or the applicant shall specify an anticipated flow based upon anticipated or potential uses.

(e) Design daily flow rates for residential property on barrier islands and similar communities located south or east of the Atlantic Intracoastal Waterway and used as vacation rental as defined in G.S. 42A-4 shall be 120 gallons per day per habitable room. Habitable room shall mean a room or enclosed floor space used or intended to be used for living or sleeping, excluding kitchens and dining areas, bathrooms, shower rooms, water closet compartments, laundries, pantries, foyers, connecting corridors, closets, and storage spaces.

(f) An adjusted daily sewage flow design rate shall be granted for permitted but not yet tributary connections and future connections tributary to the system upon showing that the capacity of a sewage system is adequate to meet actual daily wastewater flows from a facility included in Paragraph (b) or (c) of this Rule without causing flow violations at the receiving wastewater treatment plant or capacity-related sanitary sewer overflows within the collection system as follows:

- (1) Documented, representative data from that facility or a comparable facility shall be submitted by an authorized signing official in accordance with Rule .0106 of this Section to the Division for all flow reduction requests, as follows:
 - (A) dates of flow meter calibrations during the time frame evaluated and indication if any adjustments were necessary;
 - (B) a breakdown of the type of connections (e.g. two bedroom units, three bedroom units) and number of customers for each month of submitted data as applicable. Identification of any non-residential connections including subdivision clubhouses and pools, restaurants, schools, churches and businesses. For each non-residential connection, information identified in Paragraph (c) of this Rule (e.g. 200 seat church, 40 seat restaurant, 35 person pool bathhouse);
 - (C) a letter of agreement from the owner or an official, meeting the criteria of Rule .0106 of this Section, of the receiving collection system or treatment works accepting the wastewater and agreeing with the adjusted design rate;
 - (D) age of the collection system;
 - (E) analysis of inflow and infiltration within the collection system or receiving treatment plant, as applicable;
 - (F) if a dedicated wastewater treatment plant serves the specific area and is representative of the residential wastewater usage, at least the 12 most recent consecutive monthly average wastewater flow readings and the daily total wastewater flow readings for the highest average wastewater flow month per customers, as reported to the Division;
 - (G) if daily data from a wastewater treatment plant cannot be used or is not representative of the project area: 12 months worth of monthly average wastewater flows from the receiving treatment plant shall be evaluated to determine the peak sewage month. Daily wastewater flows shall then be taken from a flow meter installed at the most downstream point of the collection area for the peak month selected that is representative of the project area. Justification for the selected placement of the flow meter shall also be provided; and
 - (H) an estimated design daily sewage flow rate shall be determined by calculating the numerical average of the top three daily readings for the highest average flow month. The calculations shall also account for seasonal variations, excessive inflow and infiltration, age and suspected meter reading and recording errors.
- (2) The Division shall evaluate all data submitted but shall also consider other factors in granting, with or without adjustment, or denying a flow reduction request including: applicable weather conditions during the data period (i.e. rainy or drought), other historical monitoring data for the particular facility or other similar facilities available to the Division, the general accuracy of monitoring reports and flow meter readings, and facility usage, such as whether the facility is in a resort area.
- (3) Flow increases shall be required if the calculations required by Subparagraph (f)(1) of this Rule yield design flows higher than that specified in Paragraphs (b) or (c) of this Rule.
- (4) The permittee shall retain the letter of any approved adjusted daily design flow rate for the life of the facility and shall transfer such letter to a future permittee.

*History Note: Authority G.S. 143-215.1; 143-215.3(a)(1);
Eff. September 1, 2006;
Readopted Eff. September 1, 2018.*

NC Administrative Code 15A NCAC 18C .0409

DRAFT

15A NCAC 18C .0409 SERVICE CONNECTIONS

(a) Local Water Supply Plan. Units of local government that are operating under a local water supply plan in accordance with G.S. 143-355(l) shall not be limited in the number of service connections.

(b) No local water supply plan. A public water system that does not have a local water supply plan as stated in Paragraph (a) shall limit its number of service connections as follows:

- (1) A public water system shall meet the daily flow requirements specified in Table 1:

Table 1: Daily Flow Requirements

Type of Service Connection	Daily Flow for Design
Residential	400 gallon/connection
Mobile Home Parks	250 gallon/connection
Campgrounds and Travel Trailer Parks	100 gallon/space
Marina	10 gallon/boat slip
Marina with bathhouse	30 gallon/boat slip
Rest Homes and Nursing Homes	
with laundry	120 gallon/bed
without laundry	60 gallon/bed
Schools	15 gallon/student
Day Care Facilities	15 gallon/student
Construction, work, or summer camps	60 gallon/person
Business, office, factory (exclusive of industrial use)	
without showers	25 gallon/person/shift
with showers	35 gallon/person/shift
Hospitals	300 gallon/bed

or;

- (2) A public water system shall meet the daily flow requirements calculated as follows:
 - (A) If records of the previous year are available that reflect daily usage, the average of the two highest consecutive days of record of the water treated shall be the value used to determine if there is capacity to serve additional service connections. Unusual events, such as massive line breaks or line flushings, shall not be considered.
 - (B) If complete daily records of water treated are not available, the public water system shall multiply the daily average use based on the amount of water treated during the previous year of record by the appropriate factor to determine maximum daily demand, as follows:
 - (i) A system serving a population of 10,000 or less shall multiply the daily average use by 2.5; or
 - (ii) A system serving a population greater than 10,000 shall multiply the daily average use by 2.0.

(c) A supplier of water shall include the impact that demands from anticipated in-ground irrigation systems, multi-family units, or vacation rental homes will have on the daily flow needs determined in Paragraph (b) of this Rule.

(d) If two years of metered usage data exists, a supplier of water may recalculate the daily flow requirements based on the actual usage. If actual demands are lower than the projected demand, recovered supply may be used to support additional connections in accordance with Paragraph (b) of this Rule.

(e) A supplier of water shall be exempt from using Table 1 in Subparagraph (b)(1) of this Rule and any other design flow standards established by the Department or the Commission to determine the daily flow requirements, provided that a professional engineer licensed pursuant to G.S. 89C prepares, seals, and signs documentation supporting alternative daily flow requirements that are sufficient to sustain the water usage required in the engineering design by using low-flow fixtures or flow reduction technologies.

History Note: Authority G.S. 130A-315; 130A-317; P.L. 93-523; Eff. July 1, 1994; Readopted Eff. July 1, 2019.



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026
AGENDA SECTION: Unfinished Business
DEPARTMENT: Administration
TITLE OF ITEM: Discussion of Golf Cart Bridges Project Bids Received

SUGGESTED MOTION(S):

Motion to award a bid (or reject bids) received for the Golf Cart Bridges Project.

SUMMARY:

At the March 9, 2026, the item to award a bid for the Golf Cart Bridges Project was discussed and ultimately rejected by Town Council due to costs. Following the rejection of these bids, it was re-advertised to solicit new bids which were opened on April 1, 2026. The following bids were received from the re-advertisement:

Vendor Name	Location	Base Bid Amount	Total Bid Amount
DanGrady Company, LLC	Sylva, NC	\$169,000.00	\$169,000.00
AJH Custom Homes	Taylors, SC	\$298,000.00	\$298,000.00
BRC Design Build	Asheville, NC	\$362,000.00	\$362,000.00
BHG Landscapes	Sylva, NC	\$446,420.00	\$446,420.00

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

None



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026

AGENDA SECTION: New Business
DEPARTMENT: Administration

TITLE OF ITEM: Presentation of the FY25 Town Audit by Gould Killian CPA Group, P.A.

SUGGESTED MOTION(S):

I move that Council accept the Town of Black Mountain FY25 audit.

SUMMARY:

Travis Keever, CPA, with Gould Killian CPA Group, P.A. will attend the meeting to present the FY25/26 Annual Comprehensive Financial Report for the Town of Black Mountain.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

1. Black Mountain 2025 Audit - Final
2. Black Mountain 2025 Audit Final- Board Communication Letter - ISSUED Gould Killian
3. Black Mountain FY25 Audit Presentation



FISCAL YEAR 2025

ANNUAL
COMPREHENSIVE
FINANCIAL REPORT

July 1, 2024 – June 30, 2025

Town of Black Mountain
North Carolina



**ANNUAL
COMPERHENSIVE
FINANCIAL REPORT**

TOWN OF BLACK MOUNTAIN, NC
FOR THE YEAR ENDING JUNE 30, 2025

PREPARED BY:
THE TOWN OF BLACK MOUNTAIN FINANCE
DEPARTMENT

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

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INTRODUCTORY SECTION



TOWN OF BLACK MOUNTAIN

February 27, 2026

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

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

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

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

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

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

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

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

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

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

Profile of the Government

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

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

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

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

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

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

Economy Condition and Outlook

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Major Initiatives and Projects

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

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

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

Residential, Commercial, and Redevelopment Projects.

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

Commercial Projects during Fiscal Year 2025 include:

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

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

Residential development completed or underway include:

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

Capital Infrastructure and Projects

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

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

Recreational Activities and Parks Initiatives and Projects

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

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

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

Public Safety Services Initiatives and Projects

FIRE DEPARTMENT

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

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

Police Department

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

The police department achieved several accomplishments during the year:

- The Black Mountain Police Department became the first agency in North Carolina to achieve formal state accreditation, reflecting adherence to best practices and reform standards established following national policing reforms. This achievement resulted in a 5% insurance reduction for the Town.
- The Town of Black Mountain faced unprecedented damage from Hurricane Helene. The department's leadership, coordination, and response efforts during and after the storm represented one of the most challenging periods in the Town's history and across Western North Carolina.
- Chief Steve Parker received the Governor's Dogwood Award for outstanding leadership and dedication during Hurricane Helene's impact and recovery efforts.
- Chief Parker was nominated to the North Carolina Association of Chiefs of Police Board—an honor extended without formal candidacy, recognizing his leadership and contributions to law enforcement in the state.

- Black Mountain was recognized as one of the Top 20 Safest Cities in North Carolina and the Safest City in Western North Carolina, as published by a national public safety report.
- The department was recognized by the North Carolina League of Municipalities for successfully completing the Risk Review Program, joining an elite group of only five agencies statewide to hold both state accreditation and risk review certification. This combined recognition provides the Town with a total 20% insurance reduction.
- Secured funding through public-private partnerships to launch the Black Mountain Police Department mobile app, enhancing community communication, and to expand Flock Camera systems for proactive crime reduction.
- Developed and released the first-ever department-created children’s safety book, featuring illustrated characters modeled after actual Black Mountain Police staff to promote safety education in a relatable, engaging way.

Developmental Services and Stormwater Initiatives and Projects

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

Planning Department

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

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

Stormwater Department

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

Streets Initiatives and Projects

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

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

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

Water Initiatives and Projects

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

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

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

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

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

Long-Term Financial Planning

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

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

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

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

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

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

Financial Policies

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

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

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

Acknowledgements

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

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

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

Respectively submitted,



Richard N. Hicks
Interim Town Manager

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

List of Principle Officials

As of June 30, 2025

Town Council

Michael Sobol - Mayor

Archie Pertiller, Jr. - Vice Mayor

Ryan Stone - Council Member

Doug Hay - Council Member

Alice Berry - Council Member

Pam King - Council Member

Principle Officials

Josh Harrold - Town Manager

Wesley Barker - Town Clerk

Craig Justus - Town Attorney

Tammy Holland - Finance Director

Steve Parker - Police Chief

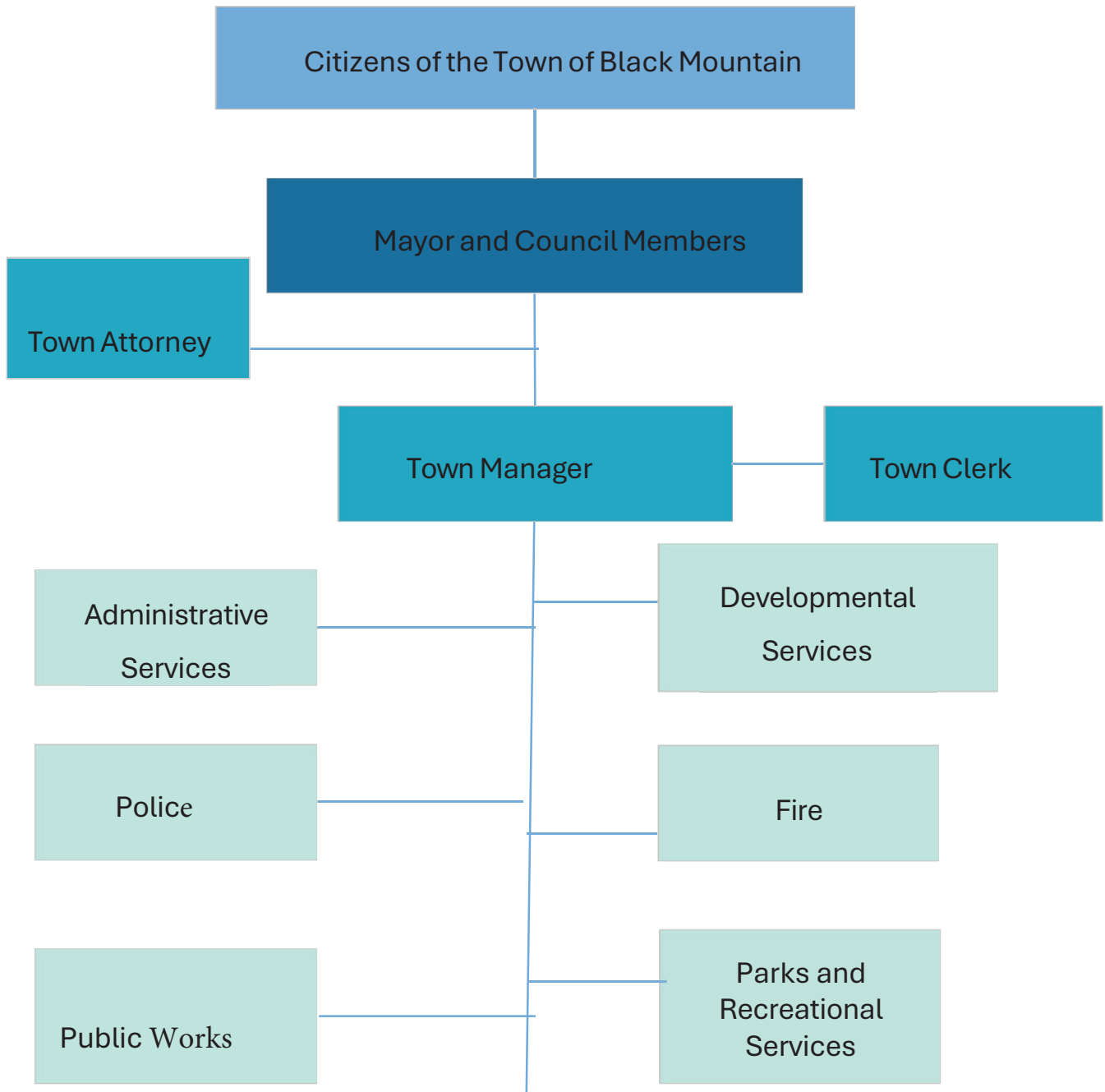
John Coffey - Fire Chief

Jamey Matthews - Public Services Director

Josh Henderson - Parks and Recreation Director

Jessica Trotman - Asst. Town Manager Devel Services Director

Town of Black Mountain Organizational Chart





Government Finance Officers Association

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Presented to

**Town of Black Mountain
North Carolina**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

FINANCIAL SECTION



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

Independent Auditors' Report

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

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Black Mountain, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof, and the general fund and fire department fund budgetary comparison for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Black Mountain and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

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

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026 on our consideration of the Town of Black Mountain's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Black Mountain's internal control over financial reporting and compliance.

Donald Killian CPA Group, P.A.

Asheville, North Carolina
February 27, 2026

Management's Discussion and Analysis

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

Financial Highlights

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

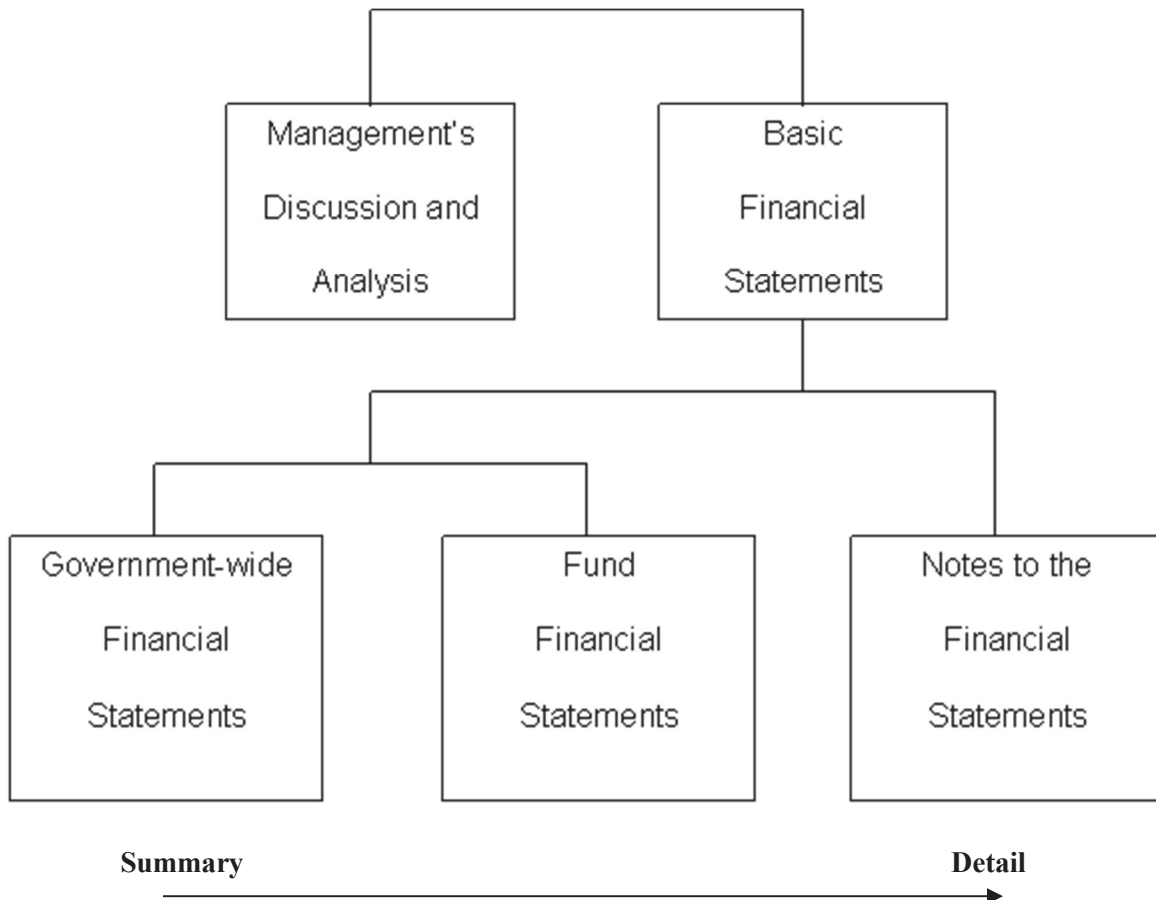
- North Carolina General Statute 159-55 limits the amount of general obligation debt that a unit of government can issue at up to eight (8) percent of the total assessed value of taxable property located within that government’s boundaries. The Town’s legal debt limit is approximately \$142,000,000 (8%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

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

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

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

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

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Black Mountain, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-

related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Black Mountain can be divided into three categories: governmental funds, proprietary funds, and a fiduciary fund.

Governmental Funds – Governmental funds are used to account for those functions reported as *governmental activities* in the government-wide financial statements. However, unlike the *government-wide financial statements*, *governmental fund financial statements* focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Most of the Town of Black Mountain's basic services are accounted for in governmental funds.

Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the *governmental fund financial statements* give the reader a detailed short-term view that helps determine if there are more or less financial resources available to finance the Town's programs. Because the focus of governmental funds is narrower than that of the *government-wide financial statements*, it is useful to compare the information presented for governmental funds with similar information presented for *governmental activities* in the *government-wide financial statements*. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Town of Black Mountain adopts an annual budget for its General Fund, Fire Department Fund, Stormwater Fund, Fines and Forfeiture Funds, Developmental Services Fund, and the Enterprise Funds, as required by the General Statutes. The multi-year capital project fund, grant fund, and disaster relief capital project fund are approved via a balanced project ordinance for the life of the project. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary comparison statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether the Town succeeded in providing the services as planned when the budget was adopted. The *budgetary comparison statement* uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the *Statement of Revenues, Expenditures, and Changes in Fund Balance*. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. A more detailed budgetary comparison schedule elsewhere in this report is presented at the legal level of budgetary control.

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to acquire a full understanding of the data provided in the government-wide and fund financial statements. Note disclosure requirements apply only to material items and should focus on the primary government – specifically its governmental and business-type activities, major funds and nonmajor funds in the aggregate. The Notes to the Financial Statements can be found as listed in the table of contents of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Black Mountain’s progress in funding its obligation to provide pension benefits and other post-employment benefits (OPEB) to its employees. Required supplementary information can be found immediately after the notes to the financial statements.

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

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

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

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

The largest portion of the Town’s net position, \$20,538,136 reflects the Town’s investment in capital assets (e.g., land, buildings, machinery, and equipment) net of accumulated depreciation and less any related outstanding debt that was used to acquire those assets. The Town of Black Mountain uses these capital assets to provide services to citizens. Accordingly, these assets are not available for future spending. Although the Town’s investment in its capital assets is reported net of the outstanding related debt, it should be noted that the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the Town of Black Mountain’s net position, \$3,729,593, represents resources that are subject to external restrictions on how they may be used. As of the end of the current year, The Town of Black Mountain’s unrestricted net position was a deficit balance of \$5,191,599. The deficit is attributed to the significant damage to the Town infrastructure and water system incurred from Hurricane Helene, with a majority amount of funding from Town funds and the issuance of debt, as insurance proceeds covered only limited assets. In addition, there is approximately \$15.4 million in post-employment liabilities for the Town’s pension and OPEB plans, for which there are no assets set aside to pay.

Town of Black Mountain Changes in Net Position

Figure 3

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

Town of Black Mountain Changes in Net Position

Figure 3 (continued)

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

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

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

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

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

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

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

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

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

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

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

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

Financial Analysis of the Town of Black Mountain's Funds

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

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

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

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

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

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

Analysis of Individual Funds

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Capital Asset and Debt Administration

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

Major capital asset transactions during the year include the following:

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

**Town of Black Mountain’s Capital Assets
(Net of depreciation)**

Figure 4

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

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

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

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

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

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

Economic Factors and Next Year's Budgets and Rates

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

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

Budget Highlights for the Fiscal Year Ending June 30, 2026

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

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

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

Requests for Information

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

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

Statement of Net Position
June 30, 2025

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Statement of Activities
For the year ended June 30, 2025

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Exhibit 3

GOVERNMENTAL FUNDS
Balance Sheet
June 30, 2025

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

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

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

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

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

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Exhibit 5

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the year ended June 30, 2025

Amounts reported for governmental activities in the statement of activities (Exhibit 2) are different because:

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

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

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

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

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

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

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

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

PROPRIETARY FUND
Statement of Fund Net Position
June 30, 2025

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

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

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

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

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

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

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

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

FIDUCIARY FUND
 Statement of Fiduciary Net Position
 June 30, 2025

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

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

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

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the year ended June 30, 2025

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

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

A. Reporting Entity

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

Town of Black Mountain ABC Board

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

B. Basis of Presentation

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

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

Fund Financial Statements. The fund financial statements provide information about the Town’s funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column.

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

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

The Town reports the following major governmental funds:

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

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

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

The Town reports the following non-major governmental funds:

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

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

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

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

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

The Town reports the following major enterprise fund:

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

The Town reports the following fiduciary fund type:

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

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets.

All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

Sales taxes and certain intergovernmental revenues, such as beer and wine tax, collected and held by the State at year-end on behalf of the Town, are recognized as revenue. Sales taxes are considered shared revenue for the Town because the tax is levied by Buncombe County and then remitted to and

distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

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

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town and the ABC Board to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's and the ABC Board's investments are reported at fair value. Non-participating interest earning investment contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

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

3. Restricted Assets

Customer/developer deposits are held by the Town before any services are supplied are restricted to the services for which the deposit was collected. Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Unexpended grant proceeds are restricted until such time as applicable grant requirements allow the funds to be spent.

<u>Town of Black Mountain Restricted Cash</u>	
Governmental activities:	
General Fund	
Streets	\$ 281,602
Parks and rec	15,016
Developer deposits	130,369
Disaster Relief Capital Project Fund	
Unspent loan proceeds	705,703
Non-major Funds	
Fines and forfeitures	14,015
Unexpended grant proceeds	<u>264,374</u>
Total governmental activities	<u>1,411,079</u>
Business-type activities:	
Water Fund	
Customer deposits	<u>254,748</u>
Total Restricted Cash	<u><u>\$ 1,665,827</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 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2024. As allowed by state law, the Town periodically establishes a schedule of discounts that apply to taxes which are paid prior to the due date. In the Town’s General Fund, ad valorem tax revenues are reported net of such discounts.

5. Allowances for Doubtful Accounts

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

6. Lease Receivable

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

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

7. Inventory and Prepaid Items

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

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

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

8. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000 for all assets. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of streets and water system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets’ lives are not capitalized.

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

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

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

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

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Furniture and equipment	5-10 years
Building	40 years
Building improvements	10-40 years

9. Deferred Outflows/Inflows of Resources

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

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

10. Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. In the fund financial statements for governmental fund types, the face amount of debt issued is reported in other financing sources.

11. Compensated Absences

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

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

Both the Town’s and ABC Board sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in determination of length of service for retirement benefit purposes. In accordance with GASB Statement No. 101 for the Town’s government-wide funds, an expense and liability for sick leave is recognized using the “practical expedient approach” allowed by the Standard for the portion of sick leave expected to be used and paid by the Town.

12. Net Position

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

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

13. Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

Restricted Fund Balance – this classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by law.

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

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

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

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

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority of vote by quorum of the Town of Black Mountain's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to

the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation. Any changes or removal of specific purpose requires a majority action by the Town Council.

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

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

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

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

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

14. Use of Estimates

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

15. Defined Benefit Pension and OPEB Plans

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

Note 2 – Stewardship, Compliance, and AccountabilityExcess of Expenditures over Appropriations

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

Note 3 – Detail Notes on All Funds**A. Assets****1. Deposits**

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

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

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

Reconciliation of cash and cash equivalents:

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

2. Investments

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

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

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

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

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

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

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

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

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

3. Receivables - Allowances for Doubtful Accounts

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

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

4. Due From Other Governments

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

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

5. Capital Assets

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

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

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

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

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

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

Construction Commitments

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

Discretely Presented Component Unit

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

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

B. Liabilities

1. Payables

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

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

2. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

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

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

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

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

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

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

At June 30, 2025, the Town reported a liability of \$4,887,634 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2025, the Town’s proportion was 0.07250% (measured as of June 30, 2024), which was an increase of 0.00395% from its proportion as of June 30, 2024 (measured as of June 30, 2023). For the year ended June 30, 2025, the Town recognized pension expense of \$1,487,277.

At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 856,499	\$ 5,759
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	664,471	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	104,681	55,733
Town contributions subsequent to the measurement date	909,364	-
Total	\$ 2,535,015	\$ 61,492

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

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

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

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

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

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

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

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

<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%	3.9%
Real estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation protection	6.0%	4.3%
Total	<u>100%</u>	

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

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

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

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

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

b. Law Enforcement Officers’ Special Separation Allowance

1. Plan Description.

The Town administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent

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

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

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

2. Summary of Significant Accounting Policies

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

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

3. Actuarial Assumptions

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

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

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

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

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

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administrative costs of the Separation Allowance are financed through investment earnings. The Town paid \$97,829 as benefits came due for the reporting period.

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

At June 30, 2025, the Town reported a total pension liability of \$1,146,223. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of \$113,742.

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

\$44,904 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

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

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

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

Schedule of Changes in Total Pension Liability

	2025
Beginning balance	\$ 1,152,827
Service cost	42,138
Interest on the total pension liability	44,157
Difference between expected and actual experience	25,477
Change of assumptions	(20,547)
Benefit payments	(97,829)
Ending balance of the total pension liability	<u>\$ 1,146,223</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 Plan is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State’s Annual Comprehensive Financial Report includes financial statements and required supplementary information for the Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina, 27699, or by calling (919)981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. The Town made contributions of \$88,195 for the reporting year. No amounts were forfeited.

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

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

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

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 1,487,277	\$ 113,742	\$ 1,601,019
Pension Liability	4,887,634	1,146,223	6,033,857
Proportionate share of the net pension liability	0.07250%	N/A	

Deferred Outflows of Resources:

Differences between expected and actual experience	856,499	144,456	1,000,955
Changes of assumptions	-	74,045	74,045
Net difference between projected and actual earnings on plan investments	664,471	-	664,471
Changes in proportion and differences between contributions and proportionate share of contributions	104,681	-	104,681
Benefit payments and administrative costs paid subsequent to the measurement date	909,364	44,904	954,268

Deferred Inflows of Resources:

Differences between expected and actual experience	5,759	-	5,759
Changes of assumptions	-	106,618	106,618
Changes in proportion and differences between contributions and proportionate share of contributions	55,733	-	55,733

3. Post-Employment Healthcare Benefits

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

4. Other Employment Benefits

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

5. Deferred Outflows and Inflows of Resources

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

Deferred Outflows

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

Deferred Inflows

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

6. Risk Management

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

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

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

7. Long-Term Obligations

Leases

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

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

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

NC DST Cash Flow Loan

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

Installment Purchases

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

Governmental activities

A note issued for \$2,100,000 was issued in June 2012 with annual payments of \$126,000, plus interest, for the acquisition and construction of the Town Square. The note bears an interest rate of 3.07% and matures in 2027. \$ 252,000

A note issued for \$700,000 was issued in March 2021 with annual payments of \$63,636, plus interest, for the acquisition of a building. The note bears an interest rate of 2.03% and matures in 2032. 222,728

A note issued for \$194,000 was issued in October 2024 with annual payments of \$54,607, including interest, for the acquisition of police vehicles. The note bears an interest rate of 4.88% and matures in 2029. 194,000

A note issued for \$624,000 was issued in August 2020 with annual payments of \$94,975, including interest, for the acquisition of sanitation vehicles and equipment. The note bears an interest rate of 1.61% and matures in 2028. 266,149

A note issued for \$580,000 was issued in August 2022 with annual payments of \$155,998, including interest, for the acquisition of police vehicles and equipment. The note bears an interest rate of 2.99% and matures in 2027. 298,541

A note issued for \$400,000 was issued in February 2024 with annual payments of \$54,235, including interest, for the acquisition of a fire truck. The note bears an interest rate of 6.010% and matures in 2034. 367,396

A note issued for \$237,778 was issued in February 2024 with annual payments of \$67,158, including interest, for the acquisition of police vehicles. The note bears an interest rate of 6.010% and matures in 2028. 179,878

A note issued for \$245,000 was issued in November 2020 with annual payments of \$37,580, including interest, for the acquisition of sanitation rear loaders and a truck. The note bears an interest rate of 1.81% and matures in 2028. 108,790

\$ 1,889,482

Business-type activities

A note for \$782,795 was issued in June 2016 with annual payments of \$89,858 for the refinancing of a water revolving loan. The note bears an interest rate of 2.59% and matures in 2026.

\$ 87,590

A note issued for \$700,000 was issued in March 2021 with annual payments of \$63,636, plus interest, for the acquisition of a building. The note bears an interest rate of 2.03% and matures in 2032.

222,727
\$ 310,317

Annual debt service for installment notes are as follows:

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

Direct Placement Revolving Loan:

Governmental activities

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

\$ 47,136

Business-type activities

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

\$ 292,303

Annual debt service requirements for revolving loans are as follows:

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

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

Changes in Long-Term Liabilities

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

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

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

8. Interfund Balances and Activity:

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

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

9. Net Investment in Capital Assets

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

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

Note 3 – Summary Disclosure of Significant Contingencies

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

Note 4 – Fund Balance

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

Total fund balance - General Fund	\$ 4,440,127
Less:	
Nonspendable:	
Inventories	12,700
Prepaid items	104,539
Leases	507
Restricted for:	
Stabilization by State statute	1,262,484
Streets - Powell Bill	281,602
Committed:	
Capital reserve fund	405,000
Assigned:	
Appropriated fund balance in 2026 budget	415,950
Unassigned:	
Working capital/fund balance policy - minimum	<u>3,235,044</u>
Remaining fund balance (deficit)	<u>\$ (1,277,699)</u>

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

Note 5 – Joint Venture

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

Note 6 – Prior Period Adjustments

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

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

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

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

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

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

Note 8 – Extraordinary Item – Hurricane Helene Repairs

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

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

Note 9 – Subsequent Events

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

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

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

Schedule of Changes in Total Pension Liability

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

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

Schedule of Total Pension Liability as a Percentage of Covered Payroll

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

Notes to the schedule:

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

Local Government Employees' Retirement System

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

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

Local Government Employees' Retirement System

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

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

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

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

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

GENERAL FUND

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

GENERAL FUND

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

GENERAL FUND

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

CAPITAL RESERVE FUND

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

STORMWATER FUND

Schedule of Revenues and Expenditures - Budget and Actual

For the year ended June 30, 2025

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

GRANT FUND

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

GENERAL CAPITAL PROJECT FUND

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

WATER FUND

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the year ended June 30, 2025

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

WATER FUND

Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)

For the year ended June 30, 2025

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

WATER CAPITAL RESERVE FUND

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

	<u>Final Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
Fund balance, beginning of year		<u>386,682</u>	
Fund balance, end of year		<u>\$ 386,682</u>	

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

WATER CAPITAL PROJECT FUND

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

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

Town of Black Mountain, North Carolina

Statistical Section

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

Financial Trends (Tables 1-4)

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

Revenue Capacity (Tables 5-9)

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

Debt Capacity (Tables 10-12)

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

Demographic and Economic Information (Tables 13-15)

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

Operating Indicators (Tables 16-17)

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

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

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TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
General Fund										
Nonspendable	\$ 16,165	\$ (4,653,713)	\$ 77,902	\$ 66,315	\$ 17,772	\$ 62,921	\$ 52,239	\$ 25,565	\$ 32,305	\$ 117,746
Restricted	942,700	17,332,183	884,784	1,103,394	1,261,177	2,157,866	1,492,014	1,293,125	1,611,954	1,544,086
Committed	275,000	175,000	175,000	-	-	-	605,000	705,000	405,000	405,000
Assigned	408,248	576,079	242,089	663,074	743,121	535,000	589,920	1,344,500	1,700,000	415,950
Unassigned	3,022,324	2,826,373	2,822,575	2,778,006	3,485,649	3,550,454	4,014,358	5,029,538	3,303,852	1,957,345
Total general fund	<u>4,664,437</u>	<u>16,255,922</u>	<u>4,202,350</u>	<u>4,610,789</u>	<u>5,507,719</u>	<u>6,306,241</u>	<u>6,753,531</u>	<u>8,397,728</u>	<u>7,053,111</u>	<u>4,440,127</u>
Other Governmental Funds										
Restricted	564,260	127,611	-	278,200	452,114	438,017	219,829	112,653	245,368	2,185,507
Committed	30,000	2,913	-	117,913	583,088	158,522	679,331	1,383,457	1,803,493	1,575,856
Unassigned	(2,475)	-	-	(106,852)	(63,871)	(126,825)	-	(135,082)	(66,085)	-
Total other governmental funds	<u>591,785</u>	<u>130,524</u>	<u>-</u>	<u>289,261</u>	<u>971,331</u>	<u>469,714</u>	<u>899,160</u>	<u>1,361,027</u>	<u>1,982,776</u>	<u>3,761,363</u>
Total combined governmental fund balances	<u>\$ 5,256,222</u>	<u>\$ 16,386,446</u>	<u>\$ 4,202,350</u>	<u>\$ 4,900,050</u>	<u>\$ 6,479,050</u>	<u>\$ 6,775,955</u>	<u>\$ 7,652,691</u>	<u>\$ 9,758,755</u>	<u>\$ 9,035,887</u>	<u>\$ 8,201,490</u>

Note: Other Governmental Funds includes Capital Project Funds

All Governmental Fund types consist of General Fund, special revenue funds, capital project funds, and permanent funds.

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA
Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(modified accrual basis of accounting)

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Fiscal Years
 (Amounts Expressed in Thousands)

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

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

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

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

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

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

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Direct and Overlapping Tax Rates

Last Ten Fiscal Years

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

Source: Buncombe County Tax Department, NCDOR

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

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

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

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

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

Source: Buncombe County Tax Department

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

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

Note: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics for personal income and population data

* Information is not yet available

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Direct and Overlapping Governmental Activities Debt

As of June 30, 2025

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

Notes:

(1) Includes governmental activities debt only.

(2) The percentage of overlapping debt applicable were estimated by determining the town's portion of the county's taxable assessed value.

Sources:

Overlapping Debt provided by Buncombe County, unless otherwise noted.

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

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

Total net debt applicable to the limit as a percentage of limit

	2.13%	2.13%	2.10%	2.33%	1.90%	2.51%	1.78%	1.65%	1.69%	1.86%
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Note: NC Statute GS159-55 limits the Town's outstanding debt to 8% of the appraised value of property subject to taxation.

Calculation of Current Year Legal Debt Margin

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

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

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

Source: NC Department of Commerce

Note: Seasonal employers (such as camps) are not included.

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

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

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

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

(a) State Office of Budget and Management

(b) US Dept of Commerce, Bureau of Economic Analysis; for Asheville Metropolitan Statistical Area

(c) NC Department of Labor statistics

Note: Unemployment rate information is as of month ending June. Population and income on based on July 1 totals Asheville Chamber of Commerce

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA
Operating Indicators
Last Ten Fiscal Years

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

Sources - Various Town departments.

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

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

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

COMPLIANCE SECTION



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

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

Independent Auditors' Report

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the remaining fund information of the Town of Black Mountain, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprises the Town of Black Mountain's basic financial statements, and have issued our report thereon dated February 27, 2026. The financial statements of the Town of Black Mountain ABC Board were not audited in accordance with *Government Auditing Standards*.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Black Mountain's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Black Mountain's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of the Report

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina
February 27, 2026



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

Independent Auditors' Report

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

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

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

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

Donald Killian CPA Group, P.A.

Asheville, North Carolina
February 27, 2026



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

Independent Auditors' Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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

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

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

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

David Killian CPA Group, P.A.

Asheville, North Carolina
February 27, 2026

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Schedule of Findings
For the year ended June 30, 2025

1. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

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

Non-compliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major federal programs:

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

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

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

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

<u>Program Name</u>	<u>AL #</u>
Disaster Grants - Public Assistance	97.036

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

Schedule of Findings
For the year ended June 30, 2025

State Awards

Internal control over major State programs:

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

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

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

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

Statewide Cashflow Loan Program

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

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

TOWN OF BLACK MOUNTAIN, NORTH CAROLINA

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

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

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

- Basis of Presentation
The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of the Town of Black Mountain under the programs of the federal government and the State of North Carolina for the year ended June 30, 2025. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Black Mountain, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Black Mountain.
- Summary of Significant Accounting Policies
Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. The Town of Black Mountain has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.
- Loans Outstanding
The Town of Black Mountain had the following loan balance outstanding at June 30, 2025 for loans that the grantor/pass-through grantor has still imposed continuing compliance requirements. Loans outstanding at the beginning of the year and loans made during the year are included in the SEFSA. The balance of loans outstanding at June 30, 2025 consist of:

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

AUDIT WRAP UP

February 27, 2026



The following communication was prepared as part of our audit, has consequential limitations, and is intended solely for the information and use of those charged with governance (e.g., Governing Board and Audit Committee) and, if appropriate, management of the Government and is not intended and should not be used by anyone other than these specified parties.



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

February 27, 2026

To the Members of Town Council
Town of Black Mountain, North Carolina

Professional standards require us to communicate with you regarding matters related to the audit, that are, in our professional judgment, significant and relevant to your responsibilities in overseeing the financial reporting process. On April 7, 2025, we presented in the engagement letter an overview of our plan for the audit of the financial statements of Town of Black Mountain (the Town) as of and for the year ended June 30, 2025, including a summary of our overall objectives for the audit, and the nature, scope, and timing of the planned audit work.

This communication is intended to elaborate on the significant findings from our audit, including our views on the qualitative aspects of the Town's accounting practices and policies, management's judgments and estimates, financial statement disclosures, and other required matters.

We are pleased to be of service to the Town and look forward to meeting with you to discuss our audit findings, as well as other matters that may be of interest to you, and to answer any questions you might have.

Respectfully,

Gould Killian CPA Group, P.A.

Asheville, North Carolina

Discussion Outline

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Status of Our Audit	1
Results of Our Audit	2-3
Internal Control over Financial Reporting	4
Other Required Communications	5
Independence Communication	6
Significant Accounting & Reporting Matters	7-8

Status of Our Audit

We have completed our audit of the financial statements as of and for the year ended June 30, 2025. Our audit was conducted in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*. This audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

- The objective of our audit was to obtain reasonable - not absolute - assurance about whether the financial statements are free from material misstatements.
- The scope of the work performed was substantially the same as that described to you in our earlier Audit Planning communications.
- We have issued an unmodified opinion on the financial statements and released our report dated February 27, 2026.
- Our responsibility for other information in documents containing the Town's audited financial statements (e.g. management's discussion and analysis, budgetary comparisons, schedules of pension amounts) does not extend beyond the financial information identified in the audit report, and we are not required to perform procedures to corroborate such other information. However, in accordance with professional standards, we have read the information included by the Town and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements. Our responsibility also includes calling to management's attention any information that we believe is a material misstatement of fact. We have not identified any material inconsistencies or concluded there are any material misstatements of facts in the other information that management has chosen not to correct.
- All records and information requested by GK were freely available for our inspection.
- Management's cooperation was excellent. We received full access to all information that we requested while performing our audit, and we acknowledge the full cooperation extended to us by all levels of Town of Black Mountain personnel throughout the course of our work.

Results of Our Audit

QUALITATIVE ASPECTS OF ACCOUNTING PRACTICES

The following summarizes the more significant required communications related to our audit concerning the Town's accounting practices, policies, and estimates:

The Town's significant accounting practices and policies are those included in Note 1 to the financial statements. These accounting practices and policies are appropriate, comply with generally accepted accounting principles and industry practice, were consistently applied, and are adequately described within Note 1 to the financial statements.

- A summary of recently issued accounting pronouncements is included in the Significant Accounting and Reporting Matters section of this report.
- No new accounting policies were implemented during the year.
- No changes were made to existing accounting policies.
- One new accounting standard was implemented during the year. As described in Note 6 to the financial statements, the Town implemented GASB Statement No. 101 - Compensated Absences, the effects of which are more fully described on page 7.
- We noted no transactions entered into by the Town during the fiscal year for which there is a lack of authoritative guidance or consensus.
- All significant transactions have been recognized in the financial statements in the proper period.

Significant estimates are those that require management's most difficult, subjective, or complex judgments, often as a result of the need to make estimates about the effects of matters that are inherently uncertain.

Significant accounting estimates include:

Depreciation methods as described in the Notes to the financial statements,

Allowances for uncollectible receivables, which are based upon management's judgments and the aging of receivables that may be uncollectible, and

Pension obligations, which are based on actuarial assumptions and methods, as well as the allocation of the overall plan data between the plan participants, and

Other post-employment benefits obligations, which are based on actuarial assumptions and methods.

- We evaluated the key factors and assumptions used to develop the significant estimates in determining that they are reasonable in relation to the financial statements taken as a whole.
- Management did not make any significant changes to the processes or significant assumptions used to develop the significant accounting estimates in FY 2025.

The financial statement disclosures are neutral, consistent, and clear.

Results of Our Audit

CORRECTED AND UNCORRECTED MISSTATEMENTS

We have proposed several audit adjustments which have been made by management. Most of these are normal closing entries, which arise during our audit based on information provided to us by management. We assisted management with these adjustments, but do not consider them to be material because by nature, they are closing entries that management would have otherwise prepared and posted. However, others of these entries are considered to be material audit adjustments due to their size and overall impact on the financial statement. Some of these material proposed adjusting entries include:

- An entry to accrue approximately \$416,000 in accounts payable
- An entry to record \$382,000 in GASB 87 lease proceeds and related capital outlay
- An entry to record \$292,000 in insurance proceeds and GASB 87 principal payments

A list of all audit adjustments is available upon request.

There were no significant uncorrected misstatements.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Black Mountain’s internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town’s internal control. Accordingly, we do not express an opinion on the effectiveness of the Town’s internal control.

Our consideration of internal control was for the limited purpose described above and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses.

We are required to communicate, in writing, to those charged with governance all material weaknesses and significant deficiencies that have been identified in the Town’s internal controls over financial reporting. The definitions of control deficiency, significant deficiency and material weakness follow:

Category	Definition
Deficiency in 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.
Significant Deficiency	A deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.
Material Weakness	A deficiency or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the Government’s financial statements will not be prevented, or detected and corrected on a timely basis.

In conjunction with our audit, we noted no deficiencies that we consider to be material weaknesses.

Other Required Communications

Following is a summary of other required items, along with specific discussion points as they pertain to the Town:

Requirement	Discussion Points
Significant changes to planned audit strategy or significant risks initially identified	There were no significant changes to the planned audit strategy or significant risks initially identified and previously communicated to those charged with governance.
Obtain information from those charged with governance relevant to the audit	There were no matters noted relevant to the audit, including, but not limited to: violations or possible violations of laws or regulations; risk of material misstatements, including fraud risks; or tips or complaints regarding the Government’s financial reporting that we were made aware of as a result of our inquiry of those charged with governance.
If applicable, nature and extent of specialized skills or knowledge needed related to significant risks	There were no specialized skills or knowledge needed, outside of the core engagement team, to perform the planned audit procedures or evaluate audit results related to significant risks.
Consultations with other accountants	We are not aware of any consultations about accounting or auditing matters between management and other independent public accountants. Nor are we aware of opinions obtained by management from other independent public accountants on the application of generally accepted accounting principles.
Disagreements with management	There were no disagreements with management about matters, whether or not satisfactorily resolved, that individually or in aggregate could be significant to the Government’s financial statements or to our auditor’s report.
Significant difficulties encountered during the audit	There were no significant difficulties encountered during the audit.
If applicable, other matters significant to the oversight of the Government’s financial reporting process, including complaints or concerns regarding accounting or auditing matters	There are no other matters that we consider significant to the oversight of the Government’s financial reporting process that have not been previously communicated.
Representations requested from management	Please refer to the management representation letter obtained from management.

Independence Communication

Our engagement letter to you dated April 7, 2025 describes our responsibilities in accordance with professional standards with regard to independence and the performance of our services. This letter also stipulates the responsibilities of the Town with respect to independence as agreed to by the Town. Please refer to that letter for further information.

Significant Accounting & Reporting Matters

The Governmental Accounting Standards Board (GASB) has recently issued several new pronouncements. We do not expect these new standards to have a significant effect on the Town's future financial reporting.

Recently issued statements are as follows:

- GASB No. 101 "Compensated Absences" -- This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee's pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. This Statement amends the existing requirement to disclose the gross increases and decreases in a liability for compensated absences to allow governments to disclose only the net change in the liability (as long as they identify it as a net change). In addition, governments are no longer required to disclose which governmental funds typically have been used to liquidate the liability for compensated absences. The Town implemented this statement during the fiscal year ending June 30, 2025.
- GASB No. 103 "Financial Reporting Model Improvements" -- The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

Management's Discussion and Analysis

This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

Unusual or Infrequent Items

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows.

Presentation of the Proprietary Fund Statement of Revenues, Expenses, and Changes in Fund Net Position

This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses. In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

Major Component Unit Information

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

Budgetary Comparison Information

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

- GASB No. 104 “Disclosure of Certain Capital Assets” -- This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class. This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset.

The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.



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

TOWN OF BLACK MOUNTAIN

2025 Annual Financial Report

Audit Summary

- Thank you for allowing us to serve as your auditors
- Special thanks to Bronwyn and Laurel and the staff of the finance department for their hard work and cooperation in completing the audit
- We issued an unmodified (clean) opinion on the June 30, 2025 financial statements
- We reported no material weakness in internal control over financial reporting
- We reported no instances of material noncompliance with laws and regulations
- We also performed a single audit over FEMA funding received as well as the Dept of State Treasurer Disaster Relief Cashflow loan program – no findings were noted



Financial Performance Indicators of Concern

- Four financial performance indicators were noted using the LGC's benchmarking worksheet that I'm required to cover in the public meeting.
 - Fund balance available as a percentage of expenditures below 25%
 - Net loss in water fund excluding depreciation, including debt service
 - Ordinance level budget violations
 - Audit submission date



Audit Summary

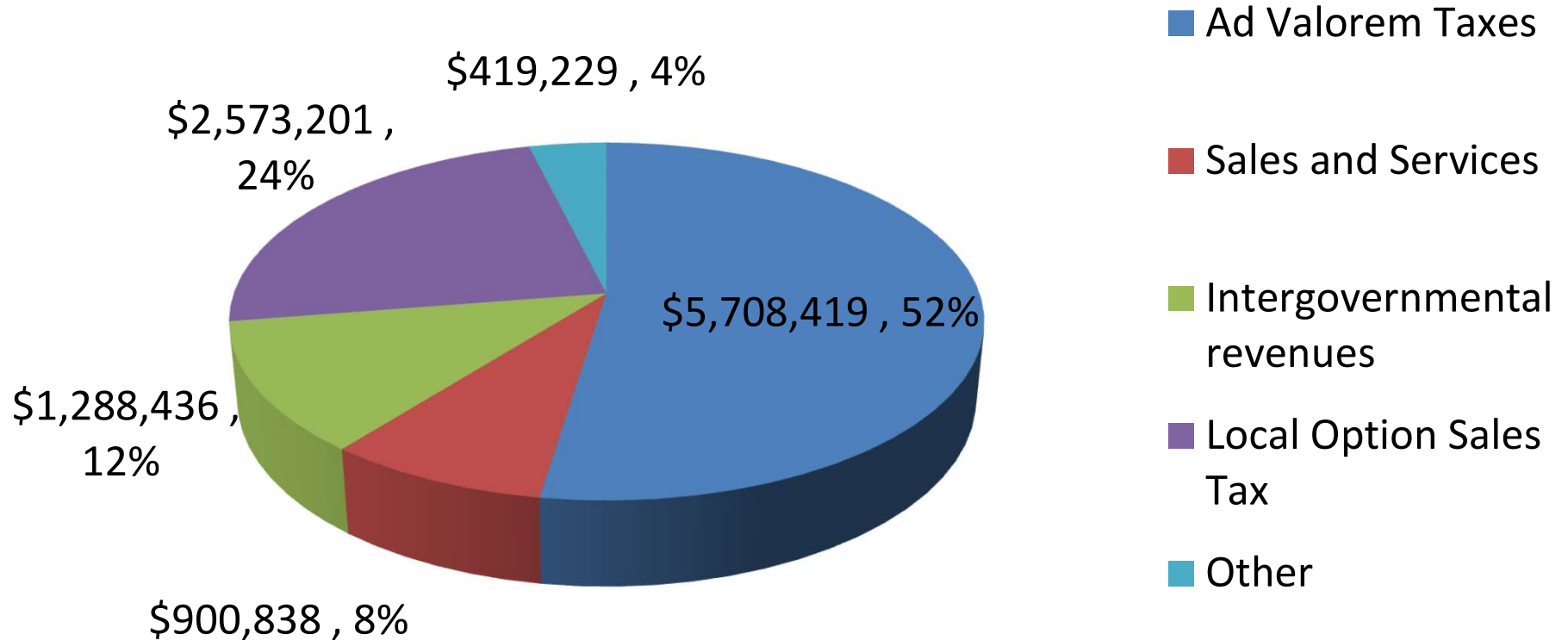
SUMMARY OF FINANCIAL DATA INCLUDED IN ACFR

- 8 governmental funds including the general fund
 - Total assets of \$9.5 million
 - Total revenues of \$10.9 million
 - Total expenditures of \$10.8 million
- 1 proprietary funds
 - Total assets of \$11.7 million
 - Total revenues of \$2.3 million
 - Total expenses of \$2.8 million

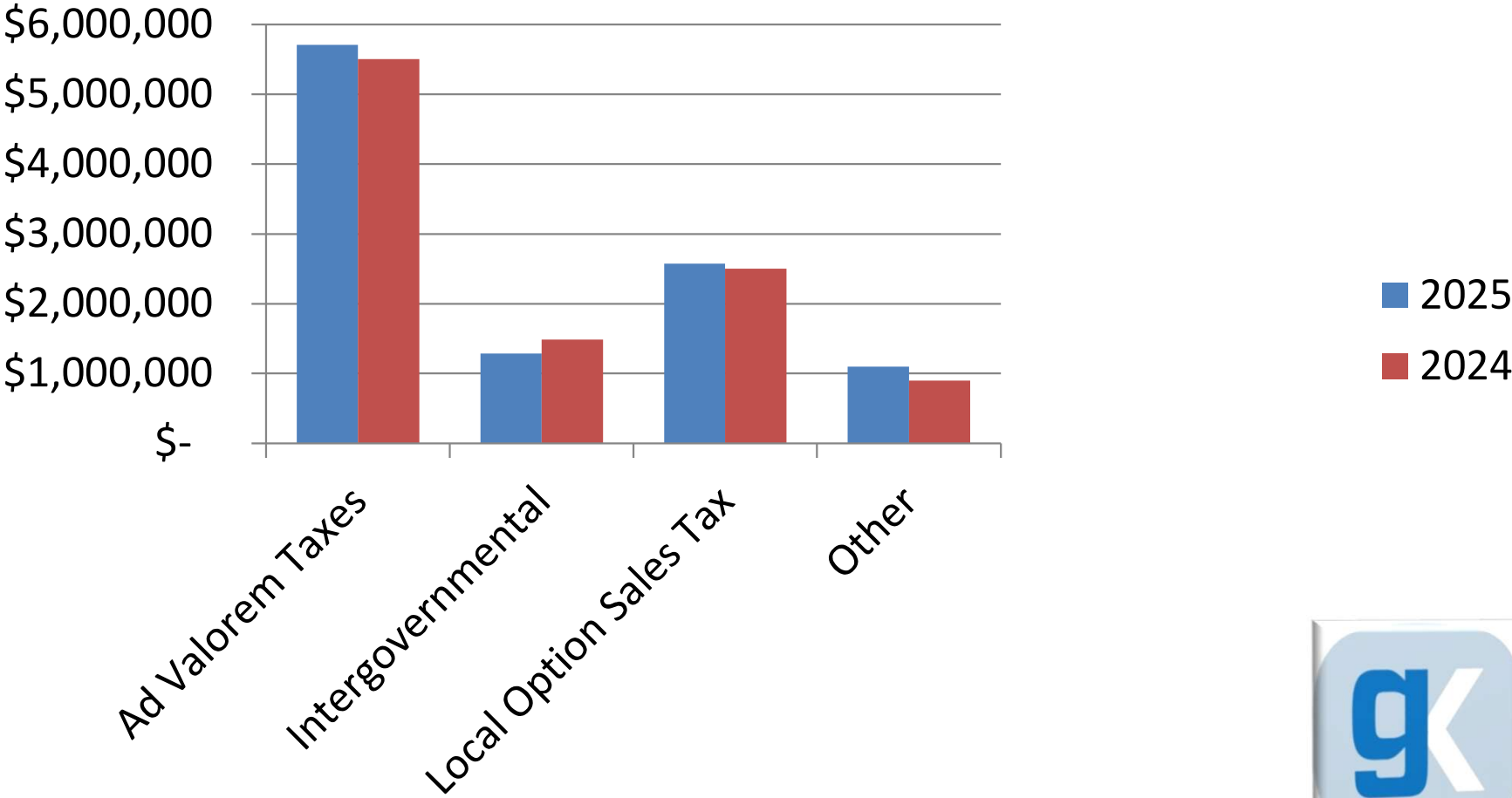


General Fund Summary

Revenues

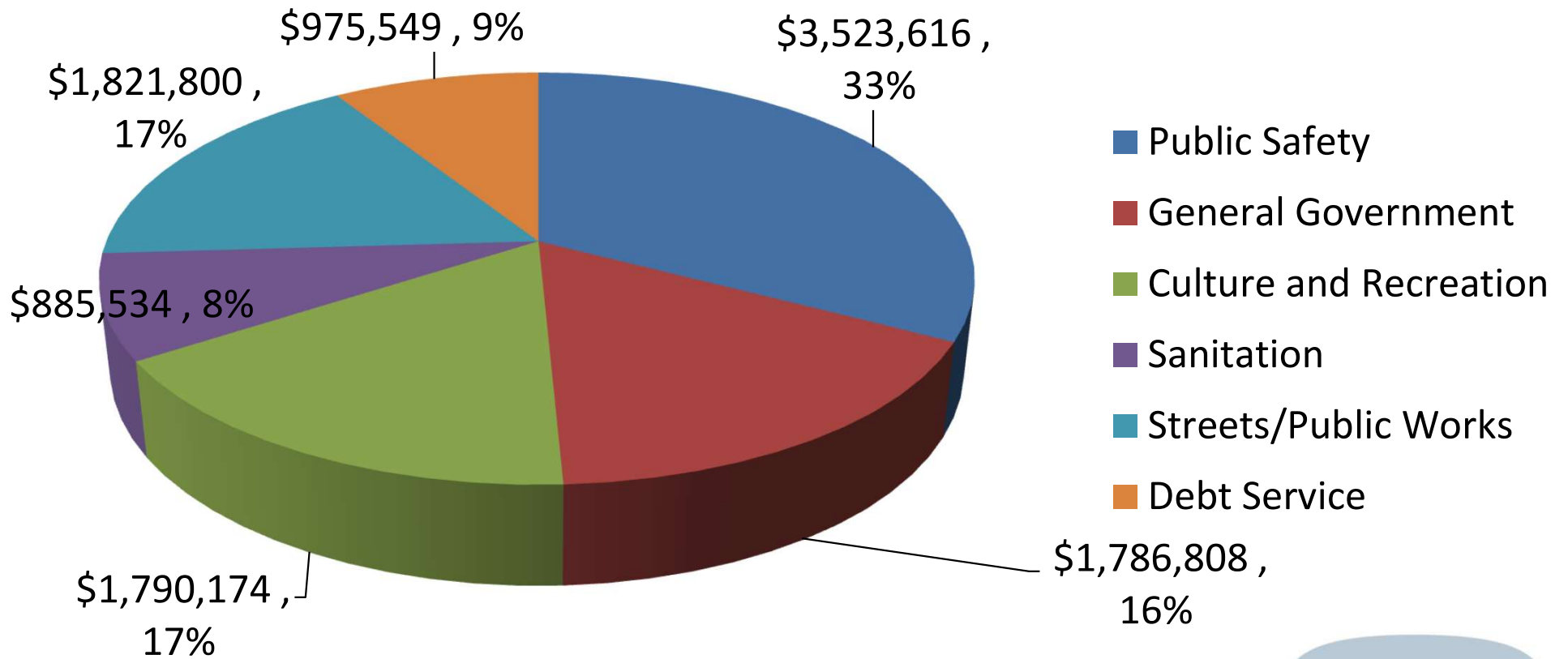


General Fund – Revenue Comparison

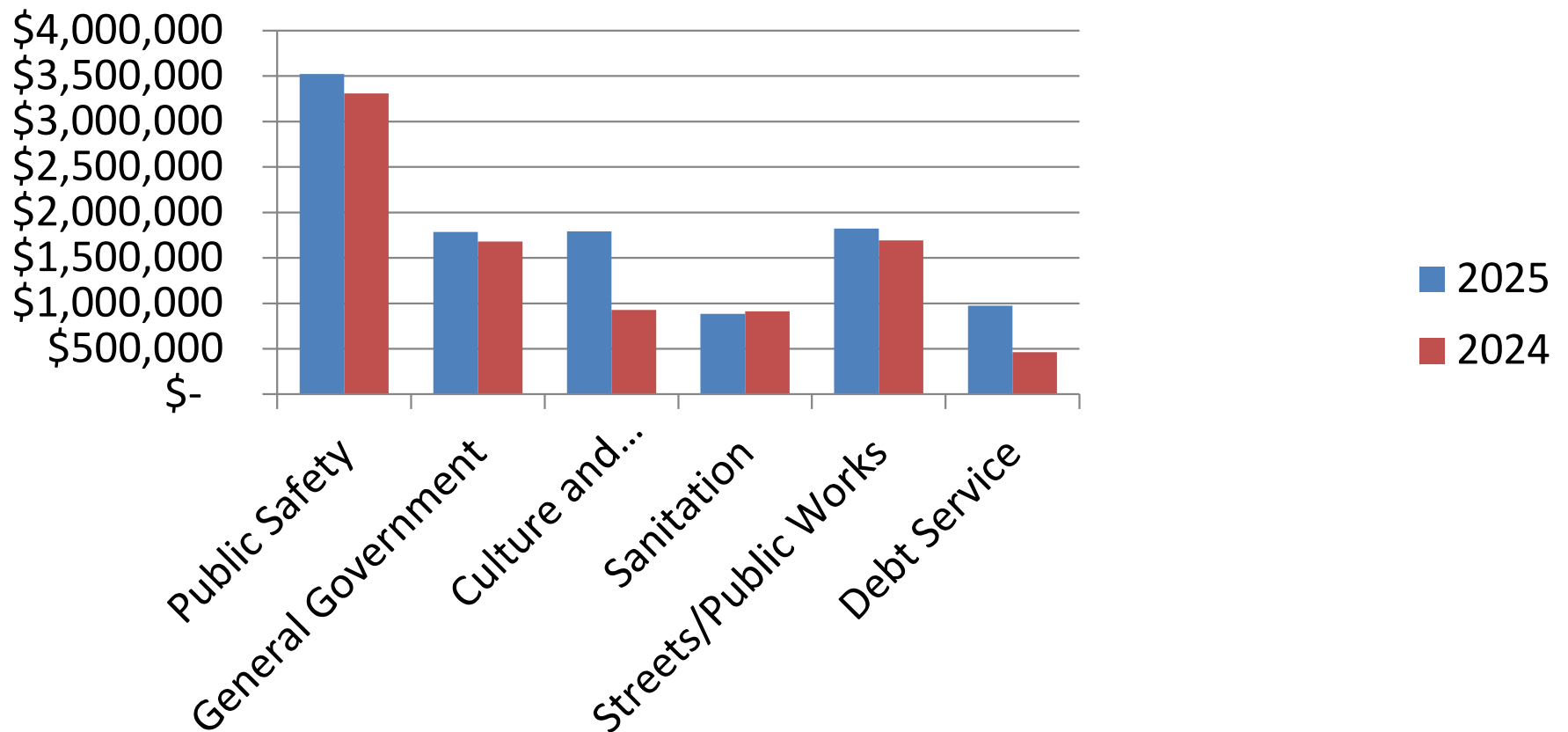


General Fund Summary

Expenditures

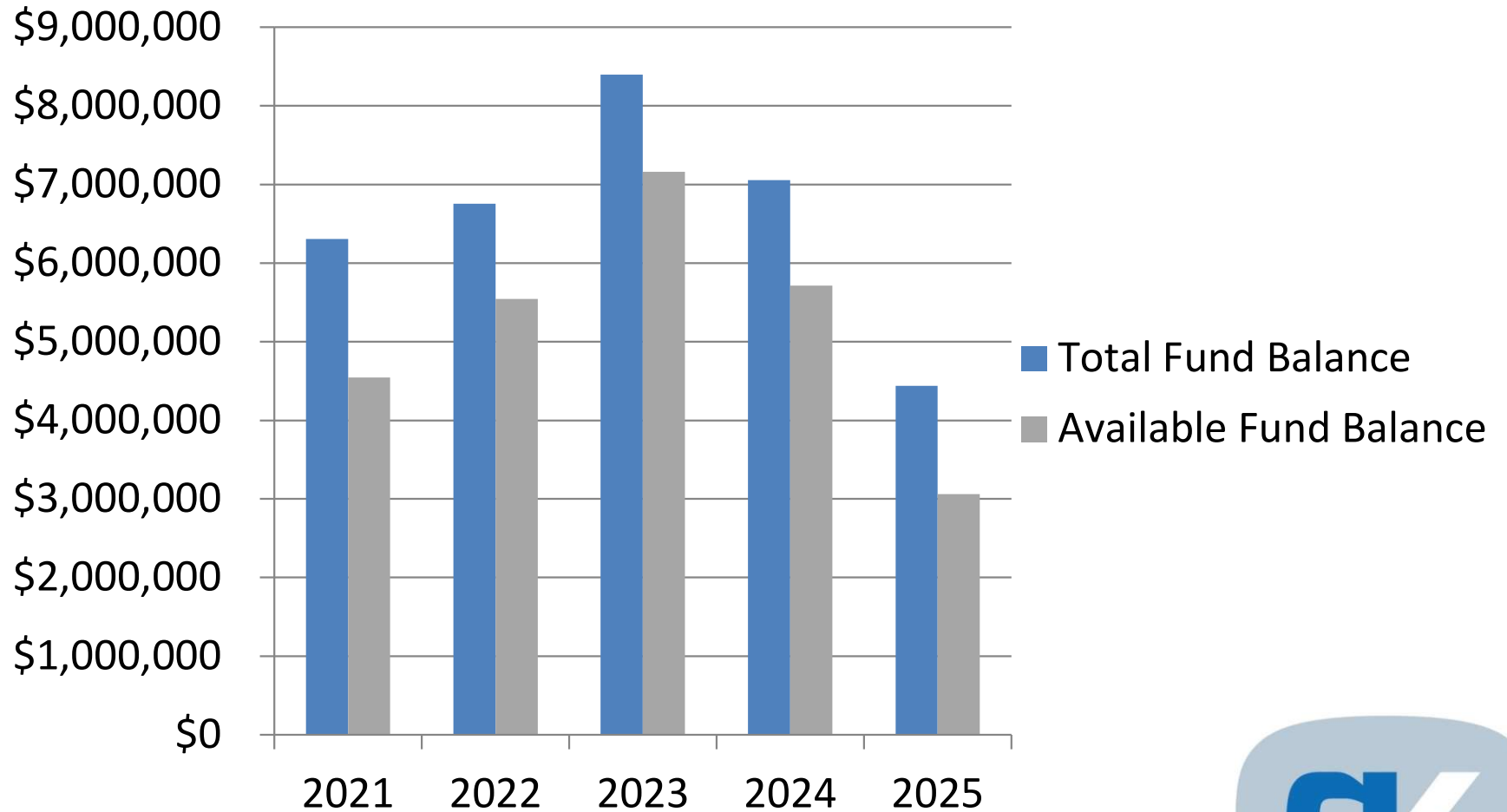


General Fund – Expense Comparison



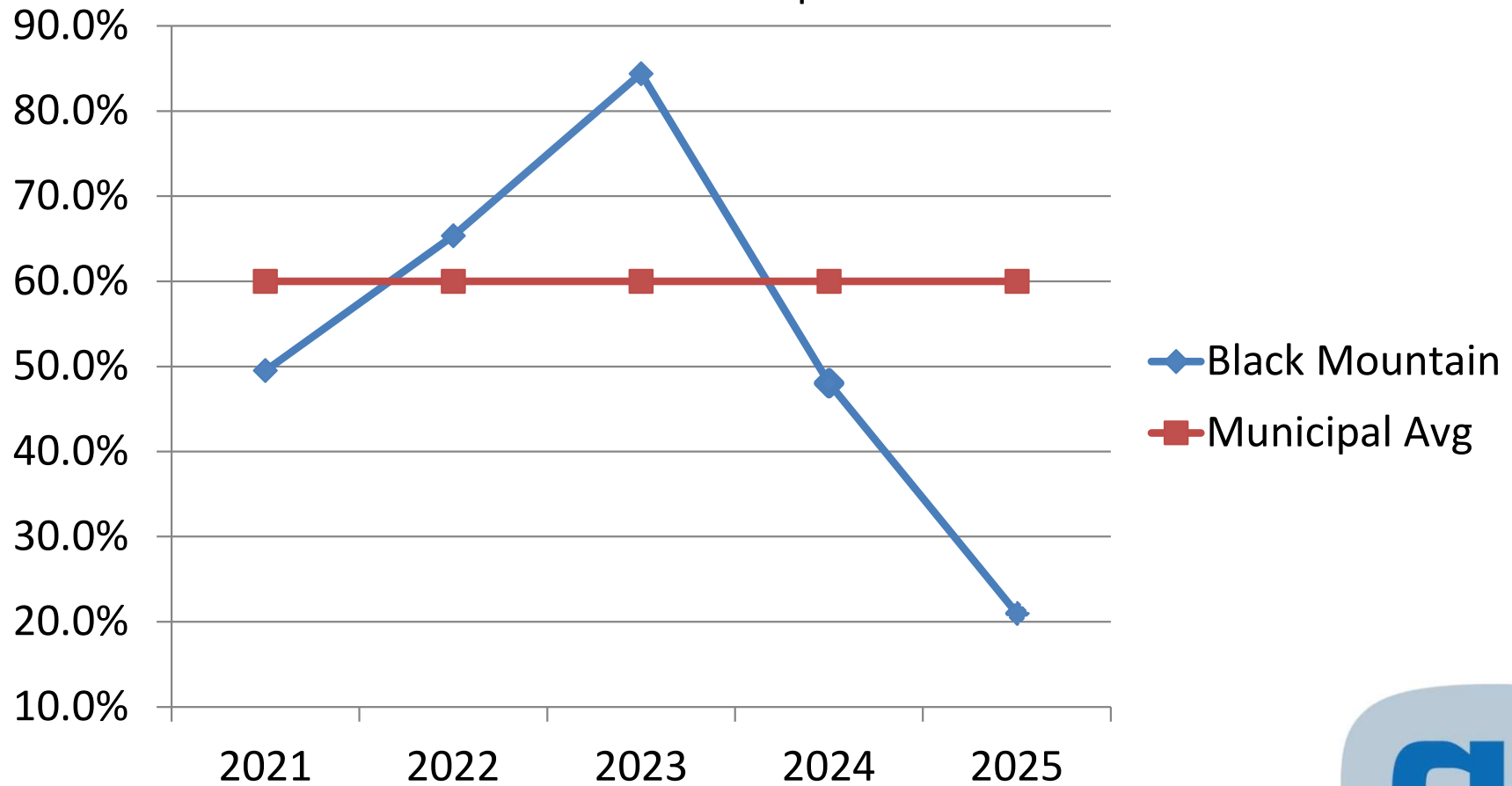
General Fund Summary

Fund Balance Available



General Fund Summary

Fund Balance Available
As a % of Net Expenditures



Enterprise Fund Summary

Water & Sewer Fund	2025	2024
Working capital	\$1,801,223	\$1,849,769
Unrestricted net position	\$1,033,310	\$1,290,263
Operating income (loss)	\$(410,300)	\$159,166
Operating Revenues	\$2,342,404	\$2,511,372
Cash flows from operating activities	\$187,226	\$557,650
Net increase (decrease) in cash	\$(59,116)	\$(497,794)





**GOULD KILLIAN
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TOWN OF BLACK MOUNTAIN

2025 Annual Financial Report



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026

AGENDA SECTION: New Business
DEPARTMENT: Recreation & Parks

TITLE OF ITEM: Consideration of Black Mountain Pool Seasonal Pay Rate Adjustments for 2026 Season

SUGGESTED MOTION(S):

Motion to approve the request for seasonal pay rate adjustments for Black Mountain Pool positions as recommended for the 2026 season.

SUMMARY:

Approval of Seasonal Pool Staff Pay Rate Adjustments for 2026 Season

BACKGROUND:

The Town of Black Mountain operates a seasonal public pool that requires qualified staff, including certified lifeguards and supervisory personnel, to ensure safe and efficient operations. In preparation for the 2026 pool season, staff have evaluated current pay rates in relation to cost-of-living increases and regional market conditions.

DESCRIPTION / ANALYSIS:

The proposed pay rate adjustments are intended to improve recruitment and retention of seasonal pool staff while maintaining competitive wages with neighboring jurisdictions. Staff have identified that nearby employers, including McDowell County, offer higher wages for similar positions. Specifically, lifeguards in McDowell County earn approximately \$16.00 per hour, compared to Black Mountain's current \$14.00 per hour rate. This gap has contributed to challenges in retaining staff, as individuals who receive certification through Black Mountain often seek employment in neighboring jurisdictions offering higher pay.

Proposed hourly rate increases are as follows:

- Pool Manager: \$18.50 to \$22.00
- Assistant Manager: \$16.00 to \$17.50
- Head Lifeguard: \$15.00 to \$16.50
- Lifeguard: \$14.00 to \$15.00

- Concessions Staff: \$8.25 to \$8.75

The total projected seasonal payroll would increase from \$91,520 to approximately \$100,332, representing an overall increase of \$8,812.

These adjustments are based on cost-of-living considerations, competitive wage comparisons, and the need to recruit and retain qualified personnel to ensure public safety and service quality.

STRATEGIC IMPORTANCE:

Approving these adjustments supports the Town's ability to recruit and retain qualified staff, ensuring safe pool operations and continued delivery of high-quality recreational services to the community.

FINANCIAL IMPACT:

Total increase of approximately \$8,812 for the 2026 pool season, to be absorbed within the Parks & Recreation budget.

RECOMMENDED ACTION:

Staff recommends that Town Council approve the proposed seasonal pool staff pay rate adjustments for the 2026 season.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? No

If no, describe how it will be funded. A budget amendment will be presented to the Council at the May meeting.

ATTACHMENTS:

1. Black Mountain Pool Raise Proposal 2026

**BLACK MOUNTAIN POOL
SEASONAL PAY RATE ADJUSTMENT REQUEST**

Date: 4/1/2026

Prepared By: Collin Bugniazet Recreation Coordinator

Purpose

This document outlines the proposed seasonal wage adjustments for Black Mountain Pool staff. These increases are requested to address cost-of-living changes and to ensure competitive pay rates within the local labor market.

Summary of Proposed Wage Adjustments

Position	Previous Rate	Proposed Rate	Increase
Pool Manager	\$18.50	\$22.00	+\$3.50
Assistant Manager	\$16.00	\$17.50	+\$1.50
Head Lifeguard	\$15.00	\$16.50	+\$1.50
Lifeguard	\$14.00	\$15.00	+\$1.00
Concessions Staff	\$8.25	\$8.75	+\$0.50

Financial Impact

- **Previous Seasonal Payroll Total:** \$91,520
 - **Proposed Seasonal Payroll Total:** Approximately \$100,332
 - **Total Increase:** \$8,812
-

Justification

The proposed wage increases are based on the following factors:

- **Cost of Living Adjustments:** Rising living expenses necessitate wage updates to maintain staff retention and support employees.

- **Market Competitiveness:** Local pools and comparable employers have increased wages, creating competitive pressure for hiring and retaining qualified staff.
 - **Retention & Recruitment:** Competitive pay reduces turnover and ensures the pool is staffed with experienced, certified personnel, which directly impacts safety and service quality.
-

Request for Approval

Approval is requested to implement the proposed wage adjustments for the upcoming pool season.

Additional Notes:

Last year lifeguards made \$14.00 per hour, this year the pool manager is asking for \$15.00 per hour. In McDowell County a lifeguard makes \$16.00 per hour. With McDowell being right next to us there are several lifeguards that get certified through Black Mountain and then work for McDowell because they make more there.

Approved By: _____

Title: _____

Date: _____



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Matt Begley, Budget Analyst **MEETING DATE:** April 13, 2026
AGENDA SECTION: New Business **DEPARTMENT:** Administration
TITLE OF ITEM: Resolution to Award the Hilltop Rd. Phase II Construction Project to CRW Land Services, LLC

SUGGESTED MOTION(S):

Motion to approve the resolution awarding CRW Land Services, LLC with the contract for Hilltop Rd. Phase II Construction Project as presented.

SUMMARY:

This resolution authorizes the award of the Hilltop Road Phase II Construction Project to CRW Land Services, LLC, following an informal bidding process that closed on March 24, 2026. The project addresses significant damage to Hilltop Road caused by Tropical Storm Helene and was designed with assistance from McAdams, the Town's engineering consultant. The Town previously budgeted \$600,000 for construction and engineering costs associated with this phase. After review, CRW Land Services, LLC was identified as the lowest responsive, responsible bidder with a base bid of \$323,022.53. Approval of this resolution authorizes the Interim Town Manager, or designee, to execute all necessary contracts and budget amendments to proceed with the project.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? Yes

If no, describe how it will be funded.

ATTACHMENTS:

1. 2026-03-31 Hilltop Road Repair-Certified Bid Tab-Final-Sent
2. 2026-4-1 Contractor Letter of Recommendation-CRW Landservices LLC
3. R-26-XX_Resolution_Award Hilltop Rd. Phase 2 Project to CRW Land Services

BID TABULATION

Project Name: Hilltop Road Repair
McAdams Project #: TOB25003
Owner Name: Town of Black Mountain
Bid Date: 3/24/2026
Time of Bid Opening: 2:00pm

Questions Asked Prior to Opening Bids:

- 1. Have all bidders received all addenda issued? **Answers Received :** Yes
- 2. Was anyone denied the right to bid? **Answers Received :** No
- 3. Are there any objections to proceeding with the bid opening? **Answers Receive d:** No

Bidder	CRW Land Services LLC		Dangrady Company LLC	
GC License No.	100961		99645	
Proposal Signed	Yes		Yes	
Affidavit A or B	Both		A	
Bond	Yes		Yes	
Addendum Received	1 Y		1 Y	
Base Bid	\$323,022.53		\$359,230.00	
Unit Prices	Section #	Amount	Amount	
Mobilization	800	\$30,000.00	\$35,000.00	
Construction Surveying	801	\$8,000.00	\$12,500.00	
Cleaning and Grubbing	200	\$2,400.00	\$3,500.00	
Grading	226	\$110,500.00	\$82,500.00	
Foundation Cond. Material	300	\$2.00	\$2,500.00	
Foundation Geotextile	300	\$4.00	\$180.00	
18" Drainage pipe	305	\$540.00	\$600.00	
18" Side drain pipe	310	\$7,600.00	\$7,980.00	
18" RC Pipe Culvert	310	\$5,040.00	\$3,420.00	
Pipe Removal	340	\$200.00	\$1,100.00	
Aggregate Base course	520	\$3,300.00	\$6,050.00	
Incidental Milling	607	\$2,500.00	\$7,000.00	
Asphalt Intermediate	610	\$12,750.00	\$31,750.00	
Asphalt Surface	610	\$10,200.00	\$25,400.00	
Asphalt Binder	620	\$3,900.00	\$2,750.00	
Masonry Drainage Structures	840	\$6,000.00	\$7,000.00	

BID TABULATION

Masonry Drainage Structures	840	\$10,800.00	\$2,115.00
Frame and Grate	840	\$700.00	\$1,200.00
Frame with Two Grates	840	\$700.00	\$1,850.00
Frame with Cover	840	\$550.00	\$950.00
6" concrete driveway	848	\$7,000.00	\$4,200.00
Adj to Meter box & Valve	858	\$1,200.00	\$450.00
Steel Guardrail	862	\$6,375.00	\$5,875.00
Guardrail ends	862	\$9,240.00	\$8,470.00
Rip Rap Class I	876	\$1,849.00	\$4,085.00
Rip Rap Class B	876	\$473.00	\$962.50
Geotextile fro Drainage	876	\$380.00	\$427.50
Soil and Compaction Testing		\$25,000.00	\$34,500.00
Geotextile drainage	876	\$380.00	\$427.50
Temporary silt fence	1605	\$1,704.00	\$2,396.25
Stone for EC - Class A	1610	\$2,580.00	\$2,700.00
Stone for EC - Class B	1610	\$7,525.00	\$7,875.00
Sediment Control Stone	1610	\$3,225.00	\$3,375.00
Temporary mulching	1615	\$600.00	\$625.00
Temporary Seed	1620	\$450.00	\$350.00
Temporary Fertilizer	1620	\$750.00	\$150.00
Temporary slope drains	1622	\$20.00	\$400.00
Safety Fence	SP	\$288.00	\$210.00
Silt Excavation	1630	\$3,900.00	\$15,600.00
Matting for EC	1631	\$20,475.00	\$16,340.00
1/4 hardware cloth	1632	\$360.00	\$150.00
Wattle	1642	\$200.00	\$300.00
Watter Barrier	1642	\$2,900.00	\$4,350.00
Flocculant	1642	\$200.00	\$40.00
Seeding & Mulching	1660	\$1,250.00	\$2,000.00
Mowing	1660	\$0.05	\$0.50
Repair seeding	1661	\$5.00	\$50.00
Repair Fertilzer	1661	\$0.03	\$0.25
Supplemental seeding	1662	\$5.00	\$50.00
Fertilzer topdressing	1665	\$0.05	\$0.50
Hand mowing	16667	\$1.00	\$10.00
Response for EC	1675	\$1.30	\$13.00
Concrete Washout structure	SP	\$0.10	\$1,500.00
Prefab concrete washout	SP	\$500.00	\$2.00


BID TABULATION

Temporary traffic control	SP	\$2,500.00	\$7,500.00
Demo and replace - 4" Sewer		\$6,000.00	\$9,500.00
Cleaning and Grubbing	200	\$12,000.00	\$12,500.00
Foundation Cond. Material	300	\$0.10	\$125.00
Foundation Geotextile	300	\$0.10	\$4.50
18" Drainage pipe	305	\$270.00	\$300.00
18" Side drain pipe	310	\$100.00	\$105.00
18" RC Pipe Culvert	310	\$140.00	\$95.00
Pipe Removal	340	\$10.00	\$55.00
Aggregate Base course	520	\$30.00	\$55.00
Incidental Milling	607	\$25.00	\$70.00
Asphalt Intermediate	610	\$255.00	\$635.00
Asphalt Surface	610	\$255.00	\$635.00
Asphalt Binder	620	\$780.00	\$650.00
Masonry Drainage Structures	840	\$3,000.00	\$3,500.00
Masonry Drainage Structures	840	\$1,200.00	\$235.00
Frame and Grate	840	\$700.00	\$1,200.00
Frame with Two Grates	840	\$700.00	\$1,850.00
Frame with Cover	840	\$550.00	\$950.00
6" concrete driveway	848	\$200.00	\$120.00
Adj to Meter box & Valve	858	\$1,200.00	\$450.00
Steel Guardrail	862	\$51.00	\$47.00
Guardrail ends	862	\$4,620.00	\$4,235.00
Rip Rap Class I	876	\$43.00	\$95.00
Rip Rap Class B	876	\$43.00	\$87.50
Geotextile fro Drainage	876	\$4.00	\$4.50
Geotextile drainage		\$4.00	\$4.50
Temporary silt fence		\$4.80	\$6.75
Stone for EC - Class A		\$43.00	\$45.00
Stone for EC - Class B		\$43.00	\$45.00
Sediment Control Stone		\$43.00	\$45.00
Temporary mulching		\$1,200.00	\$1,250.00
Temporary Seed		\$4.50	\$3.50
Temporary Fertilizer		\$1,500.00	\$300.00
Temporary slope drains		\$0.10	\$2.00
Safety Fence		\$4.80	\$3.50
Silt Excavation		\$15.00	\$60.00
Matting for EC		\$2.50	\$2.00

BID TABULATION

1/4 hardware cloth		\$4.80	\$2.00
Wattle		\$10.00	\$15.00
Wattle Barrier		\$10.00	\$15.00
Flocculant		\$5.00	\$1.00
Seeding & Mulching		\$2,500.00	\$4,000.00
Mowing		\$0.10	\$1.00
Repair seeding		\$0.10	\$1.00
Repair Fertilzer		\$0.10	\$1.00
Supplemental seeding		\$0.10	\$1.00
Fertilzer topdressing		\$0.10	\$1.00
Hand mowing		\$0.10	\$1.00
Response for EC		\$0.10	\$1.00
Concrete Washout structure		\$0.10	\$1,500.00
Prefab concrete washout		\$250.00	\$1.00

Each of the contractor's Licenses is of "Active" status on this 31st day of March, 2026, according to NC Licensing Board for General Contractors. To the best of my knowledge, I certify that the above is a true and accurate tabulation of the bids opened on March 24th, 2026 at 2:00 pm.





March 31st, 2026

Matt Begley
Budget Analyst, Town of Black Mountain
Town of Black Mountain
160 Midland Avenue
Black Mountain, North Carolina 28711

Re: Hilltop Road – Contractor Recommendation
Black Mountain, NC
TOB25003

Matt,

On March 24, 2026, sealed bids were received and opened for the *Hilltop Road* project. I have reviewed the bids received and issued the certified bid tabulation (attached). Based on my review of the bids, it is my recommendation to proceed with the award of the Base Bid to CRW Land Services LLC.

Please let me know if you have any questions.

Sincerely,
MCADAMS

Kyle Mullens
Construction Administration

Council Member _____ made a motion to approve the following resolution. A vote of ____.

A RESOLUTION TO AWARD THE HILLTOP ROAD PHASE II CONSTRUCTION PROJECT TO CRW LAND SERVICES, LLC

Resolution No. R-26-XX

WHEREAS, the Town intends to rebuild Hilltop Road, which was substantially damaged during Tropical Storm Helene; and

WHEREAS, the Town engaged McAdams, an engineering and design firm, to assist the Town in designing, engineering, and reviewing bid submissions for the project; and

WHEREAS, the Town Council of the Town of Black Mountain budgeted \$600,000 in a capital project (R-25-92 & O-25-30) for construction and engineering costs associated with phase two of the project; and

WHEREAS, the Town has bid the project through an informal bidding process which closed on March 24, 2026; and

WHEREAS, Town of Black Mountain staff has received bids for the project and McAdams has determined CRW Land Services, LLC was the lowest responsive, responsible bidder, with a total base bid of \$323,022.53; and

WHEREAS, the Town of Black Mountain is ready to proceed with awarding the project to CRW Land Services, LLC;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF BLACK MOUNTAIN THAT:

1. The Interim Town Manager, and/or a designee(s) thereof, is authorized to execute any necessary budget amendments, contracts, or related documents required to enter into an agreement with CRW Land Services, LLC and oversee the construction outlined in the bid documents.

ADOPTED this 13th day of April 2026.

C. Michael Sobol, Mayor

Attest:

Wesley M. Barker, Town Clerk



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026

AGENDA SECTION: New Business
DEPARTMENT: Finance

TITLE OF ITEM: Consideration of Capital Project Ordinance for Fairway Dr. / Tomahawk Ave. Stormwater Project

SUGGESTED MOTION(S):

Motion to approve the Capital Project Ordinance as presented.

SUMMARY:

This ordinance establishes a Capital Project Fund for the Fairway Drive and Tomahawk Avenue Stormwater Project, which will improve stormwater infrastructure, increase system capacity, and enhance flood resilience in the area draining to Tomahawk Branch. The project is funded through a combination of a \$75,000 Buncombe County grant received in FY25 and additional funds from the Stormwater Utility Fund, totaling \$143,892.50 in both revenues and expenditures. The ordinance authorizes all necessary appropriations for the project across multiple fiscal years and designates the Town Manager and Finance Director to oversee implementation, maintain financial records, and manage fund transfers in accordance with project requirements.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? No- Budget amendment needed.

If no, describe how it will be funded. Funded in part by grant funding of \$75,000 received from Buncombe County in FY25, and remainder will be sourced from Stormwater Utility Fund.

ATTACHMENTS:

1. O-26-XX Fairway Dr. Tomahawk Ave. Capital Project Ordinance (4-13-26)

Town of Black Mountain
Fairway Dr. & Tomahawk Ave. Stormwater Project
Capital Project Fund Ordinance
Ordinance No: O-26-XX

BE IT ORDAINED by the Town Council of the Town of Black Mountain, North Carolina, that, pursuant to the Local Government Budget and Fiscal Control, a local government may, in its discretion, authorize and budget for a capital project or a grant project in a project ordinance adopted pursuant to G.S. 159-13.2. A project ordinance authorizes all appropriations necessary for the completion of the project and neither it nor any part of it need be readopted in any subsequent fiscal year; and the following Capital Project Fund Ordinance is hereby created as follows:

Section 1: Project Defined

The Town of Black Mountain defines a "Capital project" as a project financed in whole or in part by the proceeds of bonds, notes or debt instruments or a project involving the construction or acquisition of a capital asset with expenditures that span across multiple fiscal years.

Section 2: Project Authorization

The project authorized is for the purpose of improving stormwater infrastructure and stormwater capacity along Fairway Dr. and Tomahawk Ave. and increase flood resilience for the area feeding into Tomahawk Branch.

Section 3: Funding

The project is funded in part by grant funding received from a \$75,000 grant received from Buncombe County for this project in FY25 and the remainder will be sourced from the Stormwater Utility Fund.

Section 4: Directives

The officers of the Town of Black Mountain are hereby directed to proceed with the capital project within the terms and budget contained herein, as approved by the Governing Board of the Town of Black Mountain. The Town Manager is hereby directed to act on behalf of the Town Council in all matters associated with the project within the terms of all contracts, agreements, and legal requirements binding on the project and within limits of the appropriate funds.

Section 5. Revenues

The following anticipated Revenues are hereby adopted:

<i>Budgeted Revenues</i>	
<i>Revenue Type</i>	<i>Anticipated Revenues</i>
Allocation Stormwater Utility Fund Unassigned Fund Balance	\$143,892.50
Total Revenue	\$143,892.50

Section 6. Expenditures

The following anticipated appropriations are hereby adopted:

<i>Budgeted Expenditures</i>	
<i>Expenditure Type</i>	<i>Anticipated Expenditures</i>
Construction	\$143,892.50
Total Expenditure	\$143,892.50

Section 7. Records and Reporting

The Finance Director is hereby directed to maintain within the Capital Project Fund sufficient specific detailed accounting records to satisfy the disclosure requirements of all the contractual agreements, if applicable.

Section 8. Authority to Manage Accounts

The Town Manager and/or the Finance Director has the authority to transfer funds; both expenditures and revenues, between the accounts contained within the capital project as may be necessary, provided however that the total expenditures equal the total revenues and that expenditures may not exceed the project total without an amended ordinance from council.

Section 9. Official Copies

Copies of this Capital Project Ordinance shall be furnished to the Town Clerk, the Town Manager and the Finance Director for the direction in carrying out this project.

Section 10. Budget Inclusion

Authorized project expenditures represent appropriations necessary for the completion of projects and therefore do not require re-appropriation in any subsequent fiscal year. However, per G.S. 159-13.2 information on project ordinances will be included in the annual budget. Each year the finance officer shall include within the budget information in such detail as he or the governing board may require concerning each grant project or capital project. This information will be detailed for any new project funds expected to be authorized by project ordinance during the budget year and include information on projects authorized by previously adopted project ordinances which have remaining appropriations available for expenditure during the budget year.

Section 11. Project Expiration

This project ordinance expires when the project has been completed and all of the Project Funds

have been obligated and expended by the Town OR by the date set forth within the grant funding contract, if applicable, whichever comes first.

Duly adopted this 13th day of April 2026.

C. Michael Sobol
Mayor

ATTEST:

Wesley M. Barker
Town Clerk



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026

AGENDA SECTION: New Business
DEPARTMENT: Administration

TITLE OF ITEM: Resolution of Budget Amendment Budgeting Funds to the Fairway Dr. / Tomahawk Ave. Stormwater Capital Project

SUGGESTED MOTION(S):

Motion to approve the budget amendment resolution.

SUMMARY:

This resolution authorizes budgeting and allocation of funds for the Fairway Drive and Tomahawk Avenue Stormwater Capital Project, which aims to improve stormwater infrastructure and increase system capacity in the area. The project is supported by a \$75,000 grant from Buncombe County, previously received and held in the Stormwater Utility Fund Balance, with additional funding to be supplemented from the Stormwater Utility Fund. The total estimated project cost is \$143,892.50, and the project may extend beyond fiscal year 2026. Approval of this resolution also authorizes the reallocation of funds from the golf course cart bridge capital project and permits the Interim Town Manager, or designee, to execute all necessary budget amendments, contracts, and related documents to implement the project.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? No- Budget Amendment

If no, describe how it will be funded. Budget Amendment from Unassigned Fund Balance (Stormwater Utility Fund)

ATTACHMENTS:

1. R-26-XX_Resolution_Fairway Dr Tomahawk Ave Stormwater Project Budget Amendment

Council Member _____ made a motion to approve the following resolution. A vote of ____.

**A RESOLUTION BUDGETING FUNDS TO THE FAIRWAY DR. TOMAHAWK AVE.
STORMWATER CAPITAL PROJECT**

Resolution No. R-26-XX

WHEREAS, the Town intends to improve stormwater infrastructure and increase stormwater capacity along Fairway Dr. and Tomahawk Ave.; and

WHEREAS, the Town of Black Mountain received grant funding in the amount of \$75,000 from Buncombe County for this project; and

WHEREAS, these funds were received by the Town in a prior fiscal year and have rolled into the Stormwater Utility Fund Balance; and

WHEREAS, the Town anticipates supplementing Buncombe County funds with funding from the Stormwater Utility Fund; and

WHEREAS, the total estimated cost of the project is \$143,892.50; and

WHEREAS, the Town anticipates this project, and its associated reporting obligations, may extend past the end of fiscal year 2026; and

WHEREAS, the Town of Black Mountain has passed O-26-XX, a Capital Project Ordinance for the project, on April 13, 2026;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF BLACK MOUNTAIN THAT:

1. The Town makes the following budget amendments to move funds allocated to the construction of land improvements for the Fairway Dr. Tomahawk Ave. Stormwater Capital Project to the associated capital project.

Account Number	Account Description	Increase	Decrease
630-0000-10001	Unassigned Fund Balance (Stormwater Utility Fund)		\$143,892.50
630-5500-57210	Capital Outlay – Land Improvements (Fairway Dr. Tomahawk Ave. Stormwater Capital Project)	\$143,892.50	

2. The Interim Town Manager is authorized to execute any necessary budget amendments, contracts, or related documents required to implement this allocation.

ADOPTED this 13th day of April 2026.

C. Michael Sobol, Mayor

Attest:

Wesley M. Barker, Town Clerk



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026

AGENDA SECTION: New Business
DEPARTMENT: Finance

TITLE OF ITEM: Consideration of Capital Project Ordinance for Two Golf Cart Bridges Project

SUGGESTED MOTION(S):

Motion to approve the Capital Project Ordinance for the Two Golf Cart Bridges Project as presented.

SUMMARY:

This project ordinance establishes a Capital Project Fund for the construction of two replacement golf cart bridges at the Black Mountain Golf Course, which were damaged and require rebuilding. The project is funded through \$110,196.48 in reimbursements from the Golf Course Irrigation System project, allocated from the Helene Fund unassigned fund balance. The ordinance authorizes all necessary appropriations for the completion of the project across multiple fiscal years and does not require re-adoption in future budgets. It also designates the Town Manager and Finance Director to oversee project execution, maintain proper financial records, and manage fund transfers within the project, ensuring expenditures do not exceed the approved budget.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? No- CPO and Budget Amendment needed.

If no, describe how it will be funded. Via Golf Course Irrigation System project reimbursements, allocated from the Helene Fund unassigned fund balance.

ATTACHMENTS:

1. O-26-XX Golf Course Cart Bridges Capital Project Ordinance (4-13-26)

Town of Black Mountain
Two Golf Cart Bridges Project
Capital Project Fund Ordinance
Ordinance No: O-26-XX

BE IT ORDAINED by the Town Council of the Town of Black Mountain, North Carolina, that, pursuant to the Local Government Budget and Fiscal Control, a local government may, in its discretion, authorize and budget for a capital project or a grant project in a project ordinance adopted pursuant to G.S. 159-13.2. A project ordinance authorizes all appropriations necessary for the completion of the project and neither it nor any part of it need be readopted in any subsequent fiscal year; and the following Capital Project Fund Ordinance is hereby created as follows:

Section 1: Project Defined

The Town of Black Mountain defines a "Capital project" as a project financed in whole or in part by the proceeds of bonds, notes or debt instruments or a project involving the construction or acquisition of a capital asset with expenditures that span across multiple fiscal years.

Section 2: Project Authorization

The project authorized is for the purpose of constructing two replacement golf cart bridges on the Black Mountain Golf Course.

Section 3: Funding

The project is funded in whole or in part by reimbursements from the Golf Course Irrigation System project, which have been directed to the Unassigned Fund Balance within the Helene Fund.

Section 4: Directives

The officers of the Town of Black Mountain are hereby directed to proceed with the capital project within the terms and budget contained herein, as approved by the Governing Board of the Town of Black Mountain. The Town Manager is hereby directed to act on behalf of the Town Council in all matters associated with the project within the terms of all contracts, agreements, and legal requirements binding on the project and within limits of the appropriate funds.

Section 5. Revenues

The following anticipated Revenues are hereby adopted:

<i>Budgeted Revenues</i>	
<i>Revenue Type</i>	<i>Anticipated Revenues</i>
Allocation of Helene Fund Unassigned Fund Balance	\$110,196.48
Total Revenue	\$110,196.48

Section 6. Expenditures

The following anticipated appropriations are hereby adopted:

<i>Budgeted Expenditures</i>	
<i>Expenditure Type</i>	<i>Anticipated Expenditures</i>
Construction	\$110,196.48
Total Expenditure	\$110,196.48

Section 7. Records and Reporting

The Finance Director is hereby directed to maintain within the Capital Project Fund sufficient specific detailed accounting records to satisfy the disclosure requirements of all the contractual agreements, if applicable.

Section 8. Authority to Manage Accounts

The Town Manager and/or the Finance Director has the authority to transfer funds; both expenditures and revenues, between the accounts contained within the capital project as may be necessary, provided however that the total expenditures equal the total revenues and that expenditures may not exceed the project total without an amended ordinance from council.

Section 9. Official Copies

Copies of this Capital Project Ordinance shall be furnished to the Town Clerk, the Town Manager and the Finance Director for the direction in carrying out this project.

Section 10. Budget Inclusion

Authorized project expenditures represent appropriations necessary for the completion of projects and therefore do not require re-appropriation in any subsequent fiscal year. However, per G.S. 159-13.2 information on project ordinances will be included in the annual budget. Each year the finance officer shall include within the budget information in such detail as he or the governing board may require concerning each grant project or capital project. This information will be detailed for any new project funds expected to be authorized by project ordinance during the budget year and include information on projects authorized by previously adopted project ordinances which have remaining appropriations available for expenditure during the budget year.

Section 11. Project Expiration

This project ordinance expires when the project has been completed and all of the Project Funds

have been obligated and expended by the Town OR by the date set forth within the grant funding contract, if applicable, whichever comes first.

Duly adopted this 13th day of April 2026.

C. Michael Sobol
Mayor

ATTEST:

Wesley M. Barker
Town Clerk



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026

AGENDA SECTION: New Business
DEPARTMENT: Finance

TITLE OF ITEM: Consideration of Budget Amendment Resolution for the Two Golf Cart Bridges Capital Project

SUGGESTED MOTION(S):

Motion to approve the budget amendment resolution as presented.

SUMMARY:

This resolution authorizes the budgeting and allocation of funds for the Golf Cart Bridges Capital Project to rebuild bridges damaged during Tropical Storm Helene. The Town previously budgeted \$108,000 for bridge and cart path construction, with the intent to cash flow recovery projects using anticipated FEMA reimbursements. The Town has since received \$110,196.48 in FEMA Public Assistance funding for the Golf Course Irrigation System project, which is now being reallocated to support this project. The project may extend beyond fiscal year 2026 and is supported by the adoption of a Capital Project Ordinance on April 13, 2026. Approval of this resolution authorizes the necessary budget amendments and allows the Interim Town Manager, or designee, to execute all required contracts and documents to implement the project.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? No- budget amendment needed.

If no, describe how it will be funded. Budget Amendment from Unassigned Fund Balance (Helene Fund) to Capital Outlay- Golf Course Bridges (Capital Project).

ATTACHMENTS:

1. R-26-XX_Resolution_Golf Cart Bridges Project Budget Amendment

Council Member _____ made a motion to approve the following resolution. A vote of ____.

A RESOLUTION BUDGETING FUNDS TO THE GOLF CART BRIDGES CAPTIAL PROJECT

Resolution No. R-26-XX

WHEREAS, the Town intends to rebuild golf cart bridges damaged beyond repair during Tropical Storm Helene; and

WHEREAS, the Town Council of the Town of Black Mountain budgeted \$100,000 for construction of Golf Cart Bridges and \$8,000 for cart paths, on November 1, 2025; and

WHEREAS, the original intention of Town Council was to cash flow Golf Course recovery projects with reimbursements from other Golf Course recovery projects; and

WHEREAS, the Town anticipated these budgeted amounts to be roughly equivalent to the FEMA reimbursement for the Golf Course Irrigation System project; and

WHEREAS, the Town anticipates this project, and its associated obligations, may extend past the end of fiscal year 2026; and

WHEREAS, the Town Council of the Town of Black Mountain has, since November 1, 2025, received a reimbursement from FEMA Public Assistance for the Golf Course Irrigation System project for \$110,196.48 (90% from FEMA & 10% from NCEM); and

WHEREAS, the Town of Black Mountain has passed O-26-XX, a Capital Project Ordinance for the project, on April 13, 2026;

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF BLACK MOUNTAIN THAT:

1. The Town makes the following budget amendments to move funds allocated to the construction of golf course cart bridges to the associated capital project.

Account Number	Account Description	Increase	Decrease
425-8806-43100	Grant Revenue – Federal (Golf Course Irrigation System)		\$99,176.84
425-8806-43200	Grant Revenue – State (Golf Course Irrigation System)		\$11,019.64
425-8806-32000	Unassigned Fund Balance (Helene Fund)	\$110,196.48	
425-8806-32000	Unassigned Fund Balance (Helene Fund)		\$110,196.48
425-8806-57610	Capital Outlay – Golf Course Bridges (Capital Project)	\$110,196.48	

2. The Interim Town Manager is authorized to execute any necessary budget amendments, contracts, or related documents required to implement this allocation.

ADOPTED this 13th day of April 2026.

C. Michael Sobol, Mayor

Attest:

Wesley M. Barker, Town Clerk



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026

AGENDA SECTION: New Business
DEPARTMENT: Administration

TITLE OF ITEM: Consideration of Budget Amendment for Replacement of Waterline on Old US 70

SUGGESTED MOTION(S):

I move that Council adopt the budget amendment to cover the costs of the waterline that was replaced on Old US 70.

SUMMARY:

At the February 9, 2026 Town Council meeting, Council authorized the replacement of a waterline along Old US Highway 70 on the way to Ridgecrest. When the Town went to make the water tap for the new subdivision under construction, it was discovered that the existing waterline was directly above the sewer line. The Council approved the replacement and agreed to fund the cost of the project using System Development Fees. The proposed budget amendment would cover those costs.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? No.

If no, describe how it will be funded. The proposed budget amendment would cover these costs.

ATTACHMENTS:

1. R-26-XX_Resolution_Old US Hwy 70 Waterline Relocation Using System Dev Fees Budget Amendment

Council Member _____ made a motion to approve the following resolution. A vote of ____.

A RESOLUTION BUDGETING FUNDS FOR RELOCATION OF A WATERLINE ON OLD US 70 & USING SYSTEM DEVELOPMENT FEES

Resolution No. R-26-XX

WHEREAS, the Town intends to relocate a waterline along Old US Highway 70; and

WHEREAS, this existing waterline was determined to be directly above a sewer line and must be relocated; and

WHEREAS, at the February 9, 2026 Town Council meeting, Council authorized the relocation of this waterline and agreed to fund the cost of the project using System Development Fees (SDF); and

NOW, THEREFORE, BE IT RESOLVED BY THE TOWN COUNCIL OF THE TOWN OF BLACK MOUNTAIN THAT:

1. The Town makes the following budget amendments to move funds allocated to this waterline relocation project:

Account Number	Account Description	Increase	Decrease
600-0000-44130	System Development Fees	\$65,000	
600-5000-52015	Professional and Technical Services	\$65,000	

2. The Interim Town Manager is authorized to execute any necessary budget amendments, contracts, or related documents required to implement this allocation.

ADOPTED this 13th day of April 2026.

C. Michael Sobol, Mayor

Attest:

Wesley M. Barker, Town Clerk



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026

AGENDA SECTION: New Business
DEPARTMENT: Administration

TITLE OF ITEM: Proposal for Task Order # 5 – Lakeview Center Active Aging Floodplain Improvement Modeling

SUGGESTED MOTION(S):

I move that Council authorize the Town Manager to execute Task Order #5 with Arete Engineers for the Lakeview Center Active Aging Floodplain Improvement Modeling.

SUMMARY:

At the last special meeting of the Town Council, there was a presentation from the Architect that had reviewed the potential future uses of the Lakeview Center. The Architect suggested that the next step would be to develop floodplain improvement models to support the renovation and floodproofing of the Lakeview Center. The project will consist of 3 phases. Phase 1 will develop a corrected effective model that will include the existing terrain survey captured by KCI after the effects of Hurricane Helene. Phase 2 will be incorporating the proposed design by Arete in a proposed conditions model. Phase 3 will be a post as-built model which will include the post as-built survey and documentation for Letter of Map Revision to FEMA for floodplain compliance. The cost for the proposed Task Order #5 would be \$30,750.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? Costs would be within the existing Capital Project Ordinance for the Lakeview Center.

If no, describe how it will be funded. N/A

ATTACHMENTS:

1. 4836_Lakeview Center_TO5_Survey and Floodplain Map_Town of Black Mtn_NC (Task Order #5)



Areté Engineers, PLLC
7668 Valley Blvd.
Blowing Rock, NC 28607
828-434-0587
Firm License Number: P-1357
Areté Project: 4836 / TO5

March 26, 2026

Contract For:

Attn: Richard Hicks
Interim Town Manager, Town of Black Mountain
160 Midland Avenue
Black Mountain, NC 28711
828-419-9311, richard.hicks@tobm.org

We are pleased to submit this proposal for Task Order 5 (TO5) – Lakeview Center Active Aging Floodplain Improvement Modeling to the Town of Black Mountain. Arete Engineers is the Prime and KCI Technologies is the subcontractor for this work.

1.0 Scope of Work

1.1 Areté Engineers, PLLC (Consultant or Areté) is an engineering services firm located in Blowing Rock, NC.

1.2 Project Management (PM)

Areté will provide PM services to the Town of Black Mountain relating to TO5. Services include but are not limited to:

- Attending the bi-weekly Town of Black Mountain project status meetings specific to this task order.
- Project coordination between the Town and KCI Technologies (KCI or Subconsultant).
- Provide project documentation including meeting minutes and invoices.

1.3 Floodplain Improvement Modeling

See attached scope of work from KCI for detailed scope information for TO5, which is referred to as Phase 1 in the KCI document.

2.0 Fees / Payment Schedule

2.1 Schedule of Fees: This contract will be lump sum totaling **\$30,750**.

2.1.1 Project Management: \$5,750.

2.1.2 Active Aging Floodplain Improvement Modeling: \$25,000

2.2 Invoices will be sent monthly.

3.0 Assumptions and Exclusions

3.1 This contract assumes all PM related meetings are virtual and does not include site visits.



3.2 See attached scope of work for KCI for assumptions and exclusions related to their work.

4.0 Closure

Thank you for the opportunity to submit this contract. If you have any questions, please do not hesitate to contact me.

Sincerely,

A handwritten signature in black ink, appearing to read "Adam Felmlee", is written over a horizontal line.

Adam Felmlee, PE
Principal Engineer
828-783-3955

Prepared by: MSR

By: _____ (Signature) Name: _____

Title: _____ Date: _____



ISO 9001:2015 CERTIFIED

ENGINEERS • PLANNERS • SCIENTISTS • CONSTRUCTION MANAGERS

4800 Falls of Neuse Rd., Suite 200 • Raleigh, NC 27609 • Phone 919-783-9214

Town of Black Mountain – Lakeview Center for Active Aging Floodplain Improvement Modeling

The Town of Black Mountain has awarded KCI the task of developing floodplain improvement models to support the renovation and floodproofing of the Lakeview Center for Active Aging facility following damage caused by Hurricane Helene.

The effort will consist of three phases. Phase 1 will develop a corrected effective model that will include the existing terrain survey captured by KCI after the effects of Hurricane Helene. Phase 2 will be incorporating the proposed design by Arete in a proposed conditions model. Phase 3 will be a post as-built model which will include the post as-built survey and documentation for Letter of Map Revision to FEMA for floodplain compliance.

Phase 1 – Site Survey & Existing Conditions Modeling

The purpose of this phase is to develop a revised effective model that reflects existing site conditions, including updated terrain and surveyed crossings along Laurel Circle Drive and W. Connolly Street. This phase includes a **Survey Task** and a **Hydrologic and Hydraulic Modeling Task**.

Task 1: Survey

KCI will perform survey services to collect the following:

- Locations of site improvements, including buildings, walkways, signage, roadways, parking areas, driveways, streams, sheds, fences, residential structures, curbing, and utility poles.
- Finished floor elevations of buildings within the survey limits.
- Cross sections along Tomahawk Branch on both the north and south sides of Lake Tomahawk.
- Survey of the pedestrian bridge crossing Lake Tomahawk.
- Spot elevations collected on a 50-foot grid (or finer where necessary), along with breaklines, to generate 1-foot contour mapping.
- Utilities based on visible surface features and designations performed by KCI.
- Locations of existing stormwater and sanitary sewer structures, including top and invert elevations, pipe connectivity, and pipe size/type (limited to one structure beyond the survey limits).

Survey control will be established as follows:

- Horizontal control: NC State Plane Coordinate System, NAD 83 (2011)
- Vertical control: NAVD 88

Additional assumptions and exclusions:

- KCI assumes unrestricted access to the site during normal business hours.
- Property boundary, right-of-way, and easement surveys are excluded from this scope.

Deliverables will include an AutoCAD file and a signed and sealed PDF.

Utility Designation Services

KCI's Subsurface Utility Engineering (SUE) team will provide utility designation services for an approximately 3.5-acre area along the banks of Lake Tomahawk and surrounding park areas in Black Mountain, NC.

Utility designation will be performed using non-invasive geophysical methods to identify the approximate horizontal location of existing, traceable underground utilities. These methods may include:

- Electromagnetic (EM) locating
- Ground Penetrating Radar (GPR)

Detected utilities will be marked on the ground surface in accordance with the American Public Works Association (APWA) color-coding standards.

This effort will be supplemented with available utility records provided by the client or facility owner prior to fieldwork. The combination of record data and geophysical locating provides the best opportunity to identify existing utilities within the project area.

Task 2: Hydrologic and Hydraulic Modeling

KCI will develop an existing conditions hydraulic model based on the completed survey.

Two model geometries will be developed:

- **Duplicate Effective Model**
The existing effective HEC-RAS model will be updated to the current HEC-RAS version and validated against the Buncombe County Flood Insurance Study (FIS) dated January 6, 2010.
- **Corrected Effective Model**
A revised geometry will be developed incorporating KCI's survey data to better represent current site conditions.

The corrected effective model will establish updated base flood elevations, which will be used to inform the design of the proposed floodproofing measures for the facility.

Deliverable will include: topographic work map and Hec-Ras

Phases 2 and 3 will be scoped later.

Total Cost: \$25,000

Anticipated Start Date: June 2026



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026

AGENDA SECTION: New Business
DEPARTMENT: Administration

TITLE OF ITEM: Proposal for Black Mountain Ave. & Sutton Ave. Intersection Safety Study

SUGGESTED MOTION(S):

I move that Council authorize the Interim Town Manager to execute Task Order #1 with J.M. Teague Engineering for the Black Mountain Avenue & Sutton Avenue Intersection Safety Study.

SUMMARY:

Several months ago, Council discussed the safety issues surrounding the intersection of Black Mountain Avenue and Sutton Avenue, and expressed an interest in having a professional safety study completed for the intersection. The Town has received a proposal from J.M. Teague Engineering and Planning in the amount of \$4,500 to complete the safety study.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? No.

If no, describe how it will be funded. The study could be funded with Powell Bill funds.

ATTACHMENTS:

1. WAYN 1718 Task Order 4.1.26 Traffic Study- JM Teague

TASK ORDER #1

WAYN 1718 TOWN OF BLACK MOUNTAIN ON-CALL ENGINEERING

The Town of Black Mountain has asked J.M. Teague Engineering & Planning to prepare a cost estimate for the following work as part of the ongoing on-call contract between the firm and the Town of Black Mountain.

DATE OF ESTIMATE:	<u>4/1/2026</u>
TASK NAME:	<u>Black Mountain Avenue & Sutton Avenue Safety Study</u>

The task for the Assigned Description below is not expected to exceed **\$4,500.**

ASSIGNMENT DESCRIPTION:

JMTE was requested to perform the following tasks:

Conduct a safety assessment of the intersection of Black Mountain Avenue & Sutton Avenue.
The Engineer will supply the following services:

- A site meeting, or phone call, with the client to ensure that we fully understand the scope of work,
- Collect turning volumes at the intersection of Sutton Avenue and Black Mountain Avenue,
- A site visit to:
 - Evaluate current conditions at the intersection, and
 - Collect the sight distance at the intersection of Black Mountain Avenue and Sutton Avenue using the methodology described by the American Association of State Highway and Transportation Officials (AASHTO),
- Collect motor vehicle crash data at the intersection of Sutton Avenue and Black Mountain Avenue from the North Carolina Department of Transportation,
- Peak hour turning movement counts
- Recommend methods to mitigate the effects of safety concerns,
- A draft technical memorandum documenting the work described above for the Client's Review, and
- Prepare a final technical memorandum for the Client's use, documenting the work described above.

The Engineer will be available to meet with the council to discuss report and/or visit locations at hourly rate.

This task does not include preparation of contract documents.

This task will be invoiced in accordance with the on-call contract dated July 25th, 2024 and is not expected to exceed \$4,500.

JMTE will notify and gain approval from the Client before exceeding the estimated total fee.

ENGINEER:

CLIENT:

J.M. Teague Engineering, PLLC

Town of Black Mountain

Signature:

Signature:

Date:

Date:



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026

AGENDA SECTION: New Business
DEPARTMENT: Administration

TITLE OF ITEM: Request for Extension of Lease - Black Mountain Center for the Arts

SUGGESTED MOTION(S):

I move that Council authorize the Interim Town Manager to execute a lease extension with Black Mountain Center for the Arts.

SUMMARY:

The Town of Black Mountain has an existing lease with the Black Mountain Center for the Arts that was executed on August 14, 2003 and was for a period of 25 years. The current lease would expire in August of 2028. They are requesting a lease extension of 5 years, that would carry the lease through August of 2033. This will allow them to search for grants to make building improvements and they would be able to show that they have a long-term commitment to the building.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

1. Letter Requesting Lease Extension from Black Mtn Center for the Arts
2. Black Mountain Center for the Arts Lease issued August 2003

Black Mountain Center for the Arts
225 W State Street
Black Mountain, NC 28711

April 8, 2026

Town of Black Mountain
Richard Hicks, Interim Town Manager and Finance Director
160 Midland Avenue
Black Mountain, NC 28711

Dear Richard:

The Black Mountain Center for the Arts (BMCA) is requesting a five-year extension to the lease for 225 W State Street dated August 14, 2003 with an original term of 25 years. According to the lease's page 2 paragraph 3 "Terms", the BMCA may request a five-year extension every five years on the anniversary date of the lease. While the BMCA did not make an extension request in 2023, and while it is more than one year in advance of the next 5-year lease anniversary, it is important to the BMCA's stability and funding to receive a 5-year lease extension at this time.

As BMCA continues to submit proposals for grants and foundation funding, it is becoming increasingly important to the granting organizations that BMCA will be able to stay in its current location for more than two additional years.

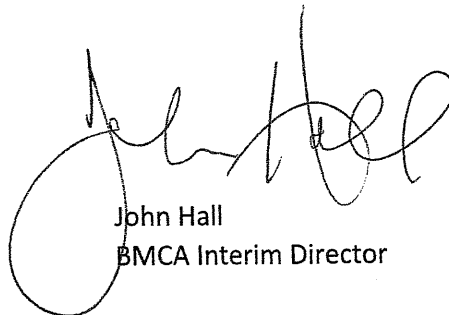
BMCA has proven itself over more than 20 years as a growing provider of a wide range of arts opportunities for the Black Mountain community. Its financial management is prudent, and its Board and staff remain committed to the careful use and maintenance of our historic building.

BMCA looks forward to your response and any desired continued discussion regarding our lease extension request.

Sincerely,



Mary Fallert
BMCA Board Chair



John Hall
BMCA Interim Director



RESOLUTION TO APPROVE THE PURCHASE OF THAT REAL PROPERTY DESCRIBED IN BOOK 2229 AT PAGE 23, BUNCOMBE COUNTY REGISTRY, KNOWN AS THE ARTS CENTER FROM THE BLACK MOUNTAIN-SWANNANOA ARTS CENTER, INC.

WHEREAS, the Board of Aldermen of the Town of Black Mountain, North Carolina, has approved an agreement whereby it will acquire the real property described in Book 2229 at Page 23, Buncombe County Registry, known as the Arts Center from the Black Mountain-Swannanoa Center for the Arts, Inc., upon its approval of the purchase of said property and upon its adoption of a resolution of intent to obtain financing to reimburse the general fund for the money expended for the purchase price; and

WHEREAS, the Town has adopted a resolution to obtain financing to reimburse the general fund; and

WHEREAS, the Town desires to support the arts in the community by purchasing the real property to be used as an art center, an authorized public use of property for which it can expend public funds for such acquisition; and

WHEREAS, the Town and the Black Mountain-Swannanoa Center for the Arts, Inc., have agreed upon the terms of such purchase and a subsequent leasing of the property to the Black Mountain-Swannanoa Center for the Arts, Inc., which will pay for and develop the arts programming in the facility on the real property.

NOW, THEREFORE, BE IT RESOLVED that the Town of Black Mountain, North Carolina, shall purchase the real property located described in Book 2229 at Page 23, Buncombe County Registry, known as the Arts Center, for the sum of \$200,000.00, and hereby directs the Town Manager to proceed to purchase said real property, subject to the terms and conditions of the agreement between the Town and the Black Mountain-Swannanoa Center for the Arts, Inc.

I move the adoption of the foregoing resolution.

James G. Brown
Alderman

READ, APPROVED AND ADOPTED, this the 11th day of August, 2003.

Wm. Michael Begley
Wm, Michael Begley, Mayor

ATTEST:

Shirley J. Raines
Shirley J. Raines, Town Clerk

Anthony N. Caudle
Anthony N. Caudle, Town Manager

Approved as to form:
[Signature]
Town Attorney



STATE OF NORTH CAROLINA

LEASE AND OPERATING AGREEMENT

COUNTY OF BUNCOME

THIS AGREEMENT (the "Agreement" or "Lease") is made and entered into as of the 14th day of August, 2003, by and between the TOWN OF BLACK MOUNTAIN ("Lessor") and the BLACK MOUNTAIN-SWANNANOVA CENTER FOR THE ARTS, a North Carolina non-profit corporation doing business as the "Black Mountain Center for the Arts" ("Lessee");

W-I-T-N-E-S-S-E-T-H

WHEREAS, the a benefactor of Lessee purchased the property described on Exhibit A attached hereto and incorporated herein by reference (such property, together with any and all improvements thereon, the "Premises" or "Arts Center") from the Lessor in 1995 for a purchase price of approximately \$100,000.00 for the benefit of Lessee in order to preserve the building that formerly served as Town Hall for the Town of Black Mountain; and

WHEREAS, the Lessee conducted a capital campaign to raise funds privately and in the public sector in order to renovate the Premises to its present condition in order to serve as a facility for arts programming for the community; and

WHEREAS, the Lessor contributed approximately \$300,000 in such capital campaign for such renovation; and

WHEREAS, the Lessee desires to transfer the Premises to the Lessor by that deed substantially in the form of Exhibit B attached hereto in order to (i) transfer the benefits and responsibilities of ownership of the facility to Lessor, (ii) demonstrate the community nature of the project and (iii) secure the future of the arts in the Swannanoa Valley by restricting the use of the Premises to arts programming; and

WHEREAS, the Lessor desires to accept title to the Premises by such deed to (i) accept the benefits and responsibilities of ownership of the facility and (ii) demonstrate that the arts are an integral part of the cultural life of the community; and

WHEREAS, as consideration for such transfer, the Lessor has agreed to (i) pay in full the \$200,000.00 debt secured by the Premises and evidenced by that Promissory Note dated January 31, 2000 payable by Lessee to the Charles L. Kagel Residual Trust in the original principal amount of \$200,000.00 (the "Kagel Note") and secured by that Deed of Trust dated January 31, 2000 and recorded in the Buncombe County, North Carolina Registry at Book 2229, Page 23, (the "Kagel Deed of Trust") and (ii) lease the premises to the Lessee pursuant to the terms hereof;

NOW, THEREFORE, in consideration of the foregoing, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

- 1. Conditions Precedent. This Agreement shall be subject to the following conditions precedent:

(a) Receipt by the Lessor of a duly executed North Carolina Special Warranty Deed substantially in the form of Exhibit B attached hereto and incorporated herein by reference transferring fee simple interest in the Premises to Lessor and restricting use of the Premises to arts programming as defined therein;

(b) Satisfaction by Lessor of the Kagel Note and cancellation of the Kagel Deed of Trust; and

(c) Delivery by each of the parties hereto of evidence of the insurance coverages required by paragraphs 15 and 17 hereof.

2. Condition of Premises. Lessee hereby agrees to accept the leased premises in their condition at the commencement of the term of the Lease and agrees to surrender the same at the termination of this Lease in good condition, ordinary wear and tear and casualty damage excepted.
3. Term. This Lease shall begin as of the date hereof and, unless sooner terminated as herein provided, shall exist and continue for a period of twenty-five (25) years, unless extended by agreement of the parties. Every five (5) years on the anniversary date hereof, Lessee shall have the option to extend the term of this Agreement for an additional five (5) years at the same rental and terms provided in this Agreement, as it may have been amended from time to time, such that upon exercise of such option on the first such anniversary date and acceptance by Lessor the remaining term hereunder would again be twenty-five (25) years. In order to exercise this option, Lessee shall give written notice to Lessor not more than one (1) year and not less than thirty (30) days prior to such anniversary date of Lessee's offer to extend. Unless such offer to extend is rejected by Lessor within thirty (30) days of the date of such offer, this Agreement shall be extended for a five (5) year period beginning with the ending date of the term this Agreement immediately prior to such extension. Upon such an extension, the parties hereto agree to file an additional deed to the Premises substantially in the form of Exhibit B hereto extending the use restrictions therein. In the event Lessee holds over after such stated term, the tenancy shall become at most a tenancy at will. In the event that (i) Lessee shall merge with any other entity without the prior written consent of Lessor and (ii) the Lessee shall not be the surviving corporation of such merger, then the lease set out in this Agreement shall terminate.
4. Rental. From the commencement date of the term of this Lease, Lessee shall pay as rental for the premises the sum of One Dollar (\$1.00) per year, payable in advance on or before each anniversary date of this Lease.
5. Charges for Electricity, Sewer and Water. During the term of the Lease, Lessee shall pay all charges for utilities consistent with Lessor's policy for municipal buildings.

6. Repairs and Maintenance.

(a) Lessor shall at its expense during the term of the Lease keep the premises in good order and repair and in safe condition, including but not limited to (i) all exterior and structural portions of the Arts Center, including exterior walls, glass and roof; (ii) all driveways, sidewalks, drainage systems and parking areas which comprise a part of the Arts Center, (iii) all plumbing and electrical systems, (iv) all components of the heating and air conditioning system except for filter replacement, and all elevators and components, (v) structural integrity of all floors, ceilings and interior walls and partitions; (vi) all doors and windows; and (vii) all replacements of a capital nature including but not limited to replacement of the roof or any portion thereof and floor replacement, if necessary. All fixtures (i.e., lighting fixtures, plumbing fixtures and appliances, electrical appliances and fixtures (other than fixtures which may be components of the heating and air conditioning systems)) shall be maintained by the Lessee until such time as it is no longer practical or feasible to repair such fixtures, at which time the Lessor will replace such fixtures.

(b) Lessor shall provide pest control where it affects the structural integrity of the building. Lessee shall provide an annual needs assessment (where reasonable) and other assessments on an "as needed" basis for provision of the foregoing repairs, maintenance and replacements that shall be presented to the Lessor from time to time.

(c) The Lessor will be notified of needed repairs and make the repairs with Town personnel or with Town vendors. In the event of after-hours emergency repairs, the Lessee staff will contact the Police Department dispatcher who will in turn contact the Town's on-call Public Works personnel to make such immediate emergency repairs. In an extreme emergency where there is immediate risk of injury to persons or damage to property and the Public Works cannot promptly remedy the problem, the Lessee may contact an outside vendor to remedy the problem and submit the bill for such repair service to the Lessor. If Lessor deems the actions taken by the Lessee to be appropriate, Lessor will promptly reimburse Lessee for such emergency repairs to the extent the charges are reasonable under the circumstances. All maintenance, repairs and replacement shall be done in a manner reasonably satisfactory to the parties.

(d) Lessee shall make repairs necessitated by the negligence or willful misconduct of Lessee, its employees, agents, contractors servants or licensees. Lessee shall at its expense keep in good order and repair all signs and other fixtures, equipment, furniture and machinery forming a part of, or associated with, the performances and programs located in or conducted in the Arts Center from time to time as part of Lessee's use of the premises as a performing arts center (as opposed to fixtures, equipment and machinery forming part of the structure or systems of the facility). All routine janitorial or custodial services and other routine operational personnel shall be provided at Lessee's expense.

7. Use and Operation of the Property.

(a) Lessee is a nonprofit corporation under the laws of the State of North Carolina and is a 501(c)(3) corporation for purposes of federal income taxation and shall maintain such status for the term of this Agreement.

(b) Subject to and consistent with requirements necessary to guarantee the 501(c)(3) status of Lessee, Lessee shall have sole responsibility and authority for the management, operation and programming of the Arts Center. The Arts Center shall be used by Lessee principally and primarily for the purpose of providing a variety of "arts programming" open to and for the benefit of the general public. "Arts programming" shall refer to programs for the performing arts, visual arts and literary arts, and may include dance, drama, music, painting, drawing, sculpture, printmaking, photography, film, video, architecture, design, literature and related programs and activities for the education, cultural advancement and enjoyment of the general public. Notwithstanding the foregoing, Lessor expressly consents to Lessee's incidental use of the whole or portions of the Premises for purposes other than "arts programming."

8. Maintenance Reserve Fund. It is the intent of Lessor to establish and maintain a structural and systems maintenance reserve fund for the Premises in an amount not less than \$20,000.00 in order to ensure the availability of funds necessary to provide for the maintenance and repairs of the Premises that are the responsibility of the Lessor hereunder, provided, however, that the reserve fund shall not be construed to require the expenditure of the total amount of such fund in any budget year nor to limit Lessor's liability for such maintenance and repairs to such amount.

9. Property Taxes. It is the assumption of the Lessor and Lessee that the Premises is not subject to ad valorem taxation. However, should the Premises become subject to ad valorem or other taxes during the term hereof, then such taxes shall be the responsibility of, and paid by, the Lessor. Notwithstanding the foregoing, Lessee shall pay all taxes and assessments, if any, levied upon its furnishings, fixtures, equipment and other personal property located in or on the premises. Lessee shall obtain and pay for all permits or licenses required by any governmental law, ordinance, statute or regulations in connection with the conduct of its business upon the premises.

10. Removal of Trade Fixtures, Equipment and Personal Property. Lessee may remove within thirty (30) days after a termination of this Agreement trade fixtures, equipment and personal property that Lessee has placed on the Premises, provided Lessee restores the Premises to its same condition as at the time of the construction or installation thereof, normal wear and tear excepted.

11. Improvements. Lessee may, in its reasonable discretion at any time during the term hereof, make improvements at its expense to the Premises that do not materially adversely affect the value of the Premises. However, any permanent improvements or alterations to the Premises by Lessee or Lessor shall be subject to the prior written approval of Lessor and Lessee, which approval shall not be unreasonably withheld. Lessor shall have thirty (30) days to respond to any proposed improvement or alteration given in writing and delivered to Lessor's Town Manager. If not disapproved within

such period, with reasons for said disapproval, the proposed alteration or improvement shall be deemed approved. All permanent alterations and improvements shall become part of the Premises upon the termination hereof. Any temporary improvements, trade fixtures, equipment and personal property will remain the property of Lessee and Lessor shall execute a waiver of interest in said property upon request of Lessee.

12. Improvements Affecting Exterior Design. Any material improvements to or alterations of the exterior design of the Arts Center shall be subject to the prior written approval of Lessee and Lessor.

13. Nondiscrimination. Lessee, for itself, its successors in interest and assigns, as a part of the consideration hereof, does covenant and agree, that (1) no person shall be excluded from participation in, denied the benefits of, or otherwise be subjected to discrimination on the grounds of race, creed, color, sex or national origin in the use of the Arts Center; and (2) in the furnishing of services thereon and thereto, no person shall be excluded from participation therein, denied the benefits of, or otherwise be subjected to discrimination on the grounds of race, creed, color, sex or national origin.

14. Liens. Lessee shall keep the Premises free from any and all liens of any nature for any work done, labor performed or materials furnished thereon at the instance or request, or on behalf of Lessee; and Lessee shall indemnify and save harmless Lessor from and against any and all claims, liens, demands, costs and expenses of any nature for such work done, labor performed or materials furnished.

15. Indemnity and Insurance.

(a) Lessee will indemnify and save harmless Lessor, its employees, agents and officers from and against any and all losses, claims, suits, damages or expenses, including but not limited to reasonable attorneys fees, arising out of or in any manner connected with Lessee's occupancy, use or operation of the Premises, including acts of co-tenants, artists, or other occupants and blatant defects for which Lessee has not requested repair, maintenance or replacement or otherwise notified Lessor, excepting, however, losses, damages, suits, claims or expenses caused by the willful or grossly negligent acts or omissions of Lessor, its officers, agents, employees or contractors.

(b) Lessor will indemnify and save harmless Lessee, its employees, agents, directors and officers from and against any and all losses, claims, suits, damages or expenses, including but not limited to reasonable attorneys fees, arising out of or in any manner connected with Lessor's ownership or occupancy, use or operation of the Premises, excepting, however, losses, damages, suits, claims or expenses caused by the willful or grossly negligent acts or omissions of Lessee, its officers, agents or employees.

(c) Lessee shall procure and maintain in full force and effect during the term of this Lease at Lessee's expense a policy of commercial general liability insurance covering bodily injury and property damage liability insurance including the broad form liability endorsement for an amount not less than \$1,000,000.00 each occurrence, \$2,000,000.00 annual aggregate, along with an excess umbrella liability limit of \$1,000,000.00 each occurrence and \$2,000,000.00 annual aggregate. Lessee shall at its

expense provide and maintain workman's compensation insurance meeting the requirements of the State of North Carolina. The policies of insurance shall provide that the same shall not be cancelled or materially altered until a 30-day written notice of cancellation, material change or nonrenewal has been served upon Lessor's Town Manager. Lessee shall file with Lessor satisfactory evidence, as approved by Lessor's Town Manager, that the required insurance policies are in effect upon execution hereof. In the event any of the policies of insurance required herein is cancelled or not renewed, Lessee shall, prior to the effective date of such cancellation or nonrenewal, procure other insurance in the amounts and in accordance with the conditions set forth herein.

16. Assignment and Sublease. Except for temporary subleases or licenses to users of the Arts Center in the ordinary course of operation consistent with the provisions of paragraph 6 hereof, Lessee shall not assign or sublet all or any substantial part of the Arts Center without the prior written consent of Lessor.
17. Property Insurance Coverage. Lessor shall at its expense carry fire and extended coverage, vandalism, malicious mischief insurance coverage upon the building improvements on the Premises, including machinery, equipment and fixtures, in the full replacement value thereof and shall name the Lessee as an additional insured for Lessee's interest, if any, in such improvement. Lessee shall carry at its expense insurance coverage upon Lessee's contents, fixtures and equipment of the building in the full replacement value thereof and shall name Lessor as an additional insured for the Lessor's interest, if any, in such contents, fixtures and equipment. The policy to be carried by Lessee shall provide that the same shall not be cancelled or materially altered until a 30-day written notice of cancellation, material change or nonrenewal has been served upon Lessee and Lessor's Town Manager. Lessee and Lessor shall provide to each other the necessary evidence of the above insurance coverage in the form of certificates of insurance.
18. Waiver and Subrogation. Lessor and Lessee agree that in the event any part or parts of the leased Premises or contents thereof are damaged or destroyed by fire or other casualty, the rights or claims of either party, its agents, successors or assigns against the other with respect to such liability for any loss, destruction or damage resulting therefrom, including loss suffered as a result of the negligence of either party or their agents, are hereby released and discharged to the extent such loss, destruction or damage is covered by insurance, and any and all subrogation rights or claims under any insurance coverages insuring the Premises, fixtures and contents are hereby waived to the extent such loss, destruction or damage is covered by insurance. All policies of fire or other insurance covering the Premises, fixtures or contents shall contain a clause or endorsement providing, in substance, that the insurance shall not be prejudiced if the assurers have waived any rights of recovery or subrogation against any person or persons prior to the date of loss, destruction or damage.
19. Untenantable Premises. If the Arts Center is partially damaged by or becomes untenantable by reason of fire or other casualty or condemnation of the Premises to the extent of 50% or less of its replacement value, Lessor shall repair such damage as quickly as is reasonably possible. If the Arts Center is completely destroyed or rendered untenantable by fire or other casualty or condemnation or is damaged to the extent of greater than 50% of its replacement value, Lessor shall repair such damage within the limits of the hazard insurance proceeds payable with respect to the Premises as quickly as is reasonably possible unless Lessor and

Lessee shall mutually determine by written agreement that the improvements on the Premises have been so materially damaged that Lessor shall not reconstruct. If said improvements are so materially damaged that Lessor and Lessee agree that Lessor shall not reconstruct, then Lessor shall provide temporary and then permanent housing for Lessee acceptable to Lessee in Lessee's reasonable discretion, within the limits of said insurance proceeds.

20. Default.

(a) Should Lessee default in the performance of any term, covenant or condition to be performed by Lessee and such default is not remedied within thirty (30) days from and after written notice to Lessee by Lessor's Town Manager specifying said default, or if such default cannot be remedied within that period, and the remedial effort is not commenced within that period and diligently and continuously pursued, or in the event Lessee abandons its use of the Premises, Lessor may at its option: (i) re-enter the Premises and take possession thereof and terminate this Agreement; (ii) perform any obligations of Lessee under this Agreement (other than obligations of Lessee pursuant to Paragraph 7 hereof) and Lessee shall reimburse Lessor for costs incurred in performing such obligations; (iii) enforce its rights hereunder through the remedy of specific performance, or (iv) exercise any other remedies available at law or in equity.

(b) Should Lessor default in the performance of any term, covenant or condition to be performed by Lessor and such default is not remedied within thirty (30) days from and after written notice to Lessor by Lessee specifying said default, or if such default cannot be remedied within that period, and the remedial effort is not commenced within that period and diligently and continuously pursued, Lessee may at its option: (i) terminate this Agreement; (ii) perform any obligations of Lessor under this Agreement and Lessor shall reimburse Lessee for costs incurred in performing such obligations; (iii) enforce its rights hereunder through the remedy of specific performance, or (iv) exercise any other remedies available at law or in equity.

21. Security. Lessor and Lessee shall jointly develop and implement a security plan to provide for the safety and protection of visitors and employees of the Arts Center and the property located in or forming a part of the Arts Center.

22. Sale of Premises; Right of First Refusal.

(a) A sale by the Lessor of all or a portion of the Premises shall be made specifically subject to all of the terms, conditions, covenants and provisions hereof. Any purchaser of the Premises shall specifically assume in writing the responsibilities and obligations of Lessor hereunder. Any deed transferring title to the Premises to such Purchaser shall continue the use restrictions contained in the deed attached hereto as Exhibit B. In the event the Lessor shall offer, or receive a bonafide offer acceptable to the Lessor, for the sale of the Premises to any party other than Lessee, Lessee shall have the right to purchase the Premises (i) under the same terms and conditions as contained in such offer or (ii) upon payment of a purchase price equal to the amount the Lessor contributed to the Arts Center in the capital campaign to renovate the Premises to its condition as of the date hereof *plus* the amount of the Kagel Note paid by Lessor *plus* the

amount of interest paid on the financing entered into by Lessor in order to pay the indebtedness represented by the Kagel Note less the amount originally paid to Lessor for the transfer of the Premises to the Preservation Society of Asheville and Buncombe County, Inc. Lessor shall promptly give Lessee written notice of the terms and conditions on any offer to purchase or sell the Premises received by or on behalf of Lessor ("Offer to Purchase"). Within thirty (30) days of such notice, Lessee shall notify Lessor in writing of its intent to exercise its option to purchase described in this paragraph 22 ("Lessee's Notice"). Lessee shall have six (6) months from the date of Lessee's Notice to deliver to Lessor the purchase price for the Premises in immediately available funds or such other terms of payment as Lessee and Lessor shall agree in writing. If Lessee shall fail to deliver the purchase price within such six (6) month period, Lessee's option to purchase the Premises with respect to such Offer to Purchase shall expire.

(b) In the event Lessee exercises its option contained in paragraph 22(a) above to acquire the Premises from Lessor and later resells the Premises, any profit on such sale realized by Lessee shall be shared between Lessor and Lessee as follows: (i) if Lessee resells the Premises within one (1) year after purchase from Lessor, Lessor shall be paid the full net profit; (ii) if Lessee resells the Premises more than one (1) year but less than or equal to two (2) years after purchase from Lessor, Lessor shall be paid ninety percent (90%) of the net profit and Lessee shall retain 10% of such profit; (iii) if Lessee resells the Premises more than two (2) years but less than or equal to four (4) years after purchase from Lessor, Lessor shall be paid seventy-five percent (75%) of the net profit and Lessee shall retain twenty-five percent (25%) of such profit; (iv) if Lessee resells the Premises more than four (4) years but less than or equal to six (6) years after purchase from Lessor, Lessor shall be paid sixty percent (60%) of the net profit and Lessee shall retain forty percent (40%) of such profit; (v) if Lessee resells the Premises more than six (6) years but less than or equal to eight (8) years after purchase from Lessor, Lessor shall be paid forty (40%) of the net profit and Lessee shall retain sixty percent (60%) of such profit; (vi) if Lessee resells the Premises more than eight (8) years but less than or equal to ten (10) years after purchase from Lessor, Lessor shall be paid twenty percent (20%) of the net profit and Lessee shall retain eighty percent (80%) of such profit; and (vii) if Lessee resells the Premises more than ten (10) years after purchase from Lessor, then Lessee shall retain one hundred percent (100%) of such profits.

(c) In the event Lessee and Lessor negotiate a termination of this Lease in order to permit Lessee to build or occupy another facility, then Lessor shall make a diligent and reasonable effort to sell the Premises. Upon such sale of the Premises, any profit on such sale realized by Lessor shall be shared between Lessor and Lessee as follows: (i) if Lessor sells the Premises within one (1) year after such termination, Lessee shall be paid the full net profit; (ii) if Lessor sells the Premises more than one (1) year but less than or equal to two (2) years after purchase such termination, Lessee shall be paid ninety percent (90%) of the net profit and Lessor shall retain 10% of such profit; (iii) if Lessor sells the Premises more than two (2) years but less than or equal to four (4) years after such termination, Lessee shall be paid seventy-five percent (75%) of the net profit and Lessor shall retain twenty-five percent (25%) of such profit; (iv) if Lessor sells the Premises more than four (4) years but less than or equal to six (6) years after such termination, Lessee shall be paid sixty percent (60%) of the net profit and Lessor shall

retain forty percent (40%) of such profit; (v) if Lessor sells the Premises more than six (6) years but less than or equal to eight (8) years after such termination, Lessee shall be paid forty (40%) of the net profit and Lessor shall retain sixty percent (60%) of such profit; (vi) if Lessor sells the Premises more than eight (8) years but less than or equal to ten (10) years after such termination, Lessee shall be paid twenty percent (20%) of the net profit and Lessor shall retain eighty percent (80%) of such profit; and (vii) if Lessor sells the Premises more than ten (10) years after such termination, then Lessor shall retain one hundred percent (100%) of such profits. The share of the proceeds received by the Lessee must be used for the purchase or operation of an arts center within the Black Mountain community.

(d) A "sale" of the Premises under subsection (a) or (b) of this paragraph 22 shall mean the conveyances, transfer, assignment or other alienation of all or part of the real property by deed to any person or entity, by the execution of an installment sale contract on the real property in favor of any person or entity, or by the lease of the real property with an option to purchase in favor of any person or entity, except for any deed executed and recorded for the sole purpose of having the record ownership of the property reflect any change of name of the parties to this Agreement or in compliance with other provisions of this Agreement.

23. Quiet Enjoyment. Lessor warrants that it is the sole owner of the Premises and all improvements constructed thereon and has the right to lease the same to Lessee upon the terms and conditions set forth herein; and that the same are free from all encumbrances, restrictions and tenancies, except those in its deed(s) and easements from the Lessee, and that Lessee shall quietly hold and enjoy the leased Premises for the full term hereof so long as it does not remain in default in the performance of its covenants hereunder beyond any applicable curative period.
24. Notices. Any and all notices to be given under this Lease or otherwise may be served by enclosing the same in a sealed envelope addressed to the party intended to receive the same, at its address and deposited in the United States Mail as certified mail return receipt requested with postage prepaid. When so given, such notice shall be effective from the date of mailing of same. For purposes hereof, unless otherwise provided in writing by the parties hereto, the address of Lessor and the proper party to receive such notices on its behalf is the Town Manager, 102 Montreat Road, Black Mountain, North Carolina 28711, and the address of Lessee and the property party to receive such notices on its behalf is Executive Director, Black Mountain Center for the Arts, 225 West State Street, Black Mountain, North Carolina 28711.
25. Relationship. The relationship between Lessor and Lessee is strictly that of landlord and tenant, and nothing contained in this Agreement shall be deemed or construed to grant Lessee any fee interest in the Arts Center, in addition to any such interest held by Lessee in the Lessee Improvements.
26. Severability. In the event that any provision of this Agreement shall be held invalid or unenforceable by any court of competent jurisdiction, such holding shall not invalidate or render unenforceable any other provision hereof.

27. Amendments. This Agreement may be amended only by written instrument executed by the parties hereto.
28. Waiver, Consent and Approval. Any consent or approval required hereunder and any waiver of a provision hereof shall be effective only if given in writing signed by the representative of the party to be charged and then such waiver, consent or approval shall be effective only in the specific instance and for the purpose given. Whenever under this Agreement the approval or consent of a party is required, such approval shall not be unreasonably withheld or delayed.
29. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the Stat of North Carolina, and any action brought in connection herewith shall be brought in Buncombe County, North Carolina.
30. Inspection. Lessor shall have the right at reasonable times and upon reasonable prior notification to Lessee to inspect the Premises.
31. Arbitration. In the event of a dispute between the parties that cannot be resolved through negotiation, the parties agree to submit the dispute to arbitration. The parties shall select an arbitrator who is acceptable to both parties. If the parties so choose, they may select a person knowledgeable in the law of property and leases who is not a trained or certified arbitrator. Any fees charged by the arbitrator will be paid equally by the two parties. Arbitration shall be held in accordance with the Uniform Arbitration Act as set out in N.C.G.S. §1-567.1 et seq. and the arbitration decision or award shall be binding upon all parties.
32. Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their successors and assigns.
33. Entire Agreement. The entire agreement, intent and understanding between Lessor and Lessee concerning the Arts Center is contained in the provisions of this Agreement and any stipulations, representations, promises or agreements, written or oral, made prior to contemporaneously with the Agreement shall have no legal or equitable effect or consequence unless reduced to writing herein.

IN WITNESS WHEREOF, the parties hereto have caused these presents to be duly executed in duplicate, with all the formalities required by law as of the day and year first above written.

[THE REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK.]

LESSEE:
BLACK MOUNTAIN-SWANNANOA
CENTER FOR THE ARTS

By: Sara Mavis P. Ruffin
Chair

[CORPORATE SEAL]

ATTEST:

Dorcas Hewitt
Secretary



LESSOR:
TOWN OF BLACK MOUNTAIN

[CORPORATE SEAL]

ATTEST:

Shirley J. Raines
Town Clerk

By: Tom. William B. B...
Mayor

Approved as to form:

[Signature]
Town Attorney



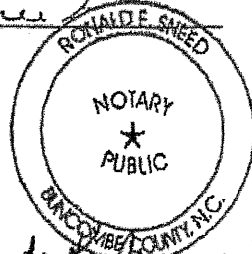
STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

This the 14th day of August, 2003, personally came before me, Ronald E Sneed, a notary public for said county and state, SARA MARCIA P. RAFTER, who, being by me duly sworn, says that he/she is Chair of the BLACK MOUNTAIN- SWANNANOVA CENTER FOR THE ARTS, that the seal affixed to the foregoing instrument in writing is the corporate seal of the company, and that said writing was signed and sealed by him/her, in behalf of said corporation, by its authority duly given. And the said SARA MARCIA P. RAFTER acknowledged the said writing to be the act and deed of said corporation.

WITNESS my hand and notarial seal, this the 14th day of August, 2003

Ronald E Sneed

My commission expires: 10/25/2007



STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

This the 14th day of August, 2003, personally came before me, Rhonda K. Simmons, a notary public for said county and state, WM. MICHAEL BEGLEY, who, being by me duly sworn, says that he/she is Mayor of the TOWN OF BLACK MOUNTAIN, that the seal affixed to the foregoing instrument in writing is the seal of the TOWN OF BLACK MOUNTAIN, and that said writing was signed and sealed by him/her, in behalf of said TOWN OF BLACK MOUNTAIN, by its authority duly given. And the said WM. MICHAEL BEGLEY acknowledged the said writing to be the act and deed of said TOWN OF BLACK MOUNTAIN.

WITNESS my hand and notarial seal, this the 14th day of August, 2003

Rhonda K. Simmons

My commission expires: 12-08-2006

Exhibit A

Rider attached to Special Warranty Deed dated August 14, 2003, executed by Black Mountain-Swannanoa Center for the Arts.

DESCRIPTION

Being the .21 acre tract conveyed to the Grantor in that deed from the Town of Black Mountain recorded in Buncombe County Deed Book 1827 at page 503, plus that .15 acre tract conveyed to the Grantor in that deed from the Town of Black Mountain recorded in Buncombe County Deed Book 1827 at page 505. By acceptance hereof, Grantee agrees to comply with those restrictive covenants set forth on Exhibit A which is attached hereto and incorporated herein by reference, which restrictive covenants shall run with the land and encumber the above described property at all times hereafter. Grantee understands and agrees that the restrictive covenants constitute a direct benefit to the Grantor's purpose and this conveyance would not have occurred absent and restrictive covenants being placed upon the property by Grantor and being enforceable by Grantor.

(ATTACHMENT)

WHEREAS, as consideration for such transfer, the Grantee has agreed to (i) pay in full the \$200,000.00 debt secured by the Premises and evidenced by that Promissory Note dated January 31, 2000 payable by Grantor to the Charles L. Kagel Residual Trust in the original principal amount of \$200,000.00 and secured by that Deed of Trust dated January 31, 2000 and recorded in the Buncombe County, North Carolina Registry at Book 2229, Page 23, and (ii) lease the premises to the Grantor pursuant to the terms that Lease and Operating Agreement dated as of the date hereof by and between Grantor and Grantee the ("Lease");

NOW, THEREFORE, in consideration of the foregoing, and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree TO RESTRICT THE USE OF THE PREMISES as follows:

The Premises shall be used principally and primarily for "arts programming." As used herein, "arts programming" shall refer to programs for the performing arts, visual arts and literary arts, and may include dance, drama, music, painting, drawing, sculpture, printmaking, photography, film, video, architecture, design, literature and related programs and activities for the education, cultural advancement and enjoyment of the general public. Notwithstanding the foregoing, incidental use of the whole or portions of the Premises for purposes other than "arts programming" shall be expressly permitted. Provided, however, that the foregoing use restriction shall automatically terminate upon the occurrence of the following events:

- (i) the Grantor shall file Articles of Dissolution with the North Carolina Secretary of State; or
- (ii) the Grantor and Grantee shall negotiate a termination of the Lease in order that the Grantor can build or occupy another facility; or
- (iii) Grantor shall (A) merge with any other entity without the prior written consent of Grantee and (B) Grantor shall not be the surviving corporation of such merger.

Rider attached to Special Warranty Deed dated August 14, 2003, executed by Black Mountain-Swannanoa Center for the Arts.

DESCRIPTION

Being the .21 acre tract conveyed to the Grantor in that deed from the Town of Black Mountain recorded in Buncombe County Deed Book 1827 at page 503, plus that .15 acre tract conveyed to the Grantor in that deed from the Town of Black Mountain recorded in Buncombe County Deed Book 1827 at page 505. By acceptance hereof, Grantee agrees to comply with those restrictive covenants set forth on Exhibit A which is attached hereto and incorporated herein by reference, which restrictive covenants shall run with the land and encumber the above described property at all times hereafter. Grantee understands and agrees that the restrictive covenants constitute a direct benefit to the Grantor's purpose and this conveyance would not have occurred absent and restrictive covenants being placed upon the property by Grantor and being enforceable by Grantor.

Title to the property hereinabove described is subject to the following exceptions:

Easements of record and in place, restrictions of record, the use provisions of any governmental ordinance affecting the above, taxes for the current year and those restrictions set forth on Exhibit A attached hereto and incorporated herein by reference. The property hereinabove described is also subject to the following use restrictions:

WHEREAS, a benefactor of Grantor purchased the property hereinabove described (such property, together with any and all improvements thereon, the "Premises" or "Arts Center") from the Grantee in 1995 for a purchase price of approximately \$100,000.00 for the benefit of Grantor in order to preserve the building that formerly served as Town Hall for the Town of Black Mountain; and

WHEREAS, the Grantor conducted a capital campaign to raise funds privately and in the public sector in order to renovate the Premises to its present condition in order to serve as a facility for arts programming for the community; and

WHEREAS, the Grantee contributed approximately \$300,000 in such capital campaign for such renovation; and

WHEREAS, the Grantor desires to transfer the Premises to the Grantee hereby in order to (i) transfer the benefits and responsibilities of ownership of the facility to Grantee, (ii) demonstrate the community nature of the project and (iii) secure the future of the arts in the Swannanoa Valley by restricting the use of the Premises to arts programming; and

WHEREAS, the Grantee desires to accept title to the Premises by such deed to (i) accept the benefits and responsibilities of ownership of the facility and (ii) demonstrate that the arts are an integral part of the cultural life of the community; and



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Richard Hicks, Interim Town Manager
MEETING DATE: April 13, 2026

AGENDA SECTION: New Business
DEPARTMENT: Administration

TITLE OF ITEM: Request for Sewer Easement - Metropolitan Sewerage District

SUGGESTED MOTION(S):

I move that Council authorize the execution of a Sewer Easement with the Metropolitan Sewerage District of Buncombe County on Carver Avenue.

SUMMARY:

The Metropolitan Sewerage District has been performing operation, maintenance, and service response activities on a 780 linear foot private 4-inch sewer line and 6-inch sewer line that serves more than 10 properties along Carver Avenue in Black Mountain. The existing pipe is undersized for the area and has developed multiple structural defects over time, requiring frequent maintenance. The Metropolitan Sewerage District is proposing to rehabilitate the 780 linear feet at no cost to the property owners, in return for an easement for the rehabilitated line. They are asking that all of the property owners provide the necessary easement at no cost. To move the project forward, they are asking all of the property owners, including the Town, to sign a “pre-agreement” and return to MSD by June 30, 2026.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

1. Letter Requesting Approval of Sewer Easement on Town Property on Carver Avenue
2. Map of Location of Proposed Easement- MSD
3. Contract to Participate in Private Sewer Rehabilitation Program and Convey Easements

4. Draft Easement Agreement - MSD



Metropolitan Sewerage District

OF BUNCOMBE COUNTY, NORTH CAROLINA

CERTIFIED MAILRETURN RECEIPT REQUESTED

March 25, 2026

The Town of Black Mountain
160 Midland Ave
Black Mountain, NC 28711

Re: **Private Sewer Rehabilitation (PSR) for Carver Ave**
101 Carver Ave
PIN 0609-75-6566
MSD Project: 2022253 Carver Ave at Owenby Ln

Dear Property Owner(s),

You may be aware that approximately 780 linear feet of private 4-inch and 6-inch sewer system serves more than ten (10) properties along Carver Avenue in Black Mountain, North Carolina, including your property at 101 Carver Avenue (PIN 0609-75-6566). This private sewer system, originally installed in the 1950s, is primarily constructed of vitrified clay pipes.

The existing piping is undersized for the area and has developed multiple structural defects over time, requiring frequent maintenance. This private system ultimately connects to the public sewer system owned and operated by the Metropolitan Sewerage District (MSD) within the Carver Avenue right-of-way. Please refer to the attached map for reference, where the highlighted yellow line represents the current private sewer alignment.

MSD, as a public sewer utility, has been performing operation, maintenance, and service response activities for this system under its Private Sewer Rehabilitation (PSR) Program. Due to the frequency of maintenance, the extent of necessary repairs, and the overall deteriorated condition of the system, MSD has determined that full rehabilitation is necessary.

To facilitate the transition of this private sewer system into the public system under the PSR Program, MSD is offering to rehabilitate approximately 780 linear feet of the existing private sewer main at no cost to the property owners. The rehabilitation will primarily be completed through a “dig and replace” method. The new sewer system will be constructed in accordance with North Carolina Department of Environmental Quality (NCDEQ) standards and is expected to have a service life of approximately 50 to 100 years.

~ *Protecting Our Natural Resources* ~

In exchange, property owners must grant MSD the necessary easements at no cost. These easements will allow MSD to construct the replacement sewer infrastructure and to operate and maintain the system in perpetuity. The proposed public sewer will generally follow the same alignment as the existing private system, as shown on the attached map.

In order for MSD to move forward with this sewer improvement project, each subject property owner must sign the attached “pre-agreement” and return to MSD by June 30, 2026. After the pre-agreements are received, MSD’s Attorney will draft the legal sewer easement agreements (using the easement agreement template attached as Exhibit B to the contract). Please sign and return pages 1 through 4 of the attached legal document:

***CONTRACT TO PARTICIPATE IN PRIVATE SEWER REHABILITATION PROGRAM
AND CONVEY EASEMENT(S)***

Sewer easements are typically 20 ft wide (the “permanent” easement), with an additional temporary “construction” easement of 15 additional feet on either side of the linear sewer line construction.

Should one or more property owners NOT consent to signing this document and convey easements necessary for the public sewer system, then MSD cannot assume responsibility for operation and maintenance of any portion of the line. MSD will no longer conduct any maintenance or sewer overflow response. Individual property owners and those discharging into the line will be legally responsible for the maintenance, overflow response, and compliance with the applicable NCDEQ Regulations.

Please sign and return by mail Pages 1-4 of the attached contract by no later than June 30, 2026. MSD will provide the notary services free of charge, if requested. If you choose not to sign, please respond to that effect.

If you have questions regarding the proposed sewer rehabilitation, please contact Darin Prosser at 828-225-8280 dprosser@msdbc.org. If you have questions regarding the attached contract and easements in general, please contact Wesley Banner at 828-225-264 wesleyb@msdbc.org.

Sincerely,



Darin Prosser, P.E.
Project Engineer
MSD Engineering Division

Enc: PSR Agreement & Exhibits



MSD PSR Carver Ave at Owenby Ln

Author: Darin Prosser

1:1,000
Date: 3/19/2026

The Metropolitan Sewerage District of Buncombe County, NC has prepared these maps based on best available information for use in assisting District maintenance work, service area analysis, and planning. The District does not warrant the accuracy of any of the information shown. Field verification is advised for all information shown on the maps or included with manhole data. No guarantee is given as to the accuracy or currency of any of the data. Therefore, in no event shall the District be liable for any special, indirect, or consequential damages or any damages whatsoever resulting from loss of use, data, or profits, whether in an action of contract, negligence, or other action, arising out of or in connection with the use of the information herein

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

CONTRACT TO PARTICIPATE IN PRIVATE
SEWER REHABILITATION PROGRAM AND
CONVEY EASEMENT(S)

This contract is made this ____ day of _____, 20____, by and between the Metropolitan Sewerage District of Buncombe County, North Carolina (hereinafter "MSD") and _____ (hereinafter "Owner").

WHEREAS, MSD owns a system of interceptor and collector sewers and wastewater reclamation facility serving much of Buncombe County and the northern part of Henderson County (the "District Sewerage System"); and

WHEREAS, a number of users of the District Sewerage System are served and have been served by existing private sewer systems not constructed in accordance with MSD standards for public sewers; and

WHEREAS, MSD has in place a program wherein, with the consent of property owners served by existing private sewer systems, MSD assumes responsibility for operation and maintenance of the existing private system(s), schedules the systems for replacement with new lines built to public standards, depending on the condition of the line(s) and subject to available funding; and

WHEREAS, the MSD program is known as the Private Sewer Rehabilitation Program or "PSR;" and

WHEREAS, Owner's property at _____, PIN _____ is currently served by an existing private sewer system which discharges to the District Sewerage System; and

WHEREAS, Owner desires to participate in the PSR Program; and

WHEREAS, participation in the PSR Program includes maintenance of the existing private sewer system serving Owner's property, replacement of the line to current MSD standards and eventual take over of the existing sewer by MSD, all in the sole and absolute discretion of MSD and subject to available funding.

It is Now Therefore Agreed as Follows:

1. MSD agrees to operate and maintain the existing private sewer system serving Owner's property until such time as the private sewer system requires replacement. Determination as to the necessity and timing of replacement of the existing private sewer shall be in the sole and absolute discretion of MSD and subject to available funding. The replacement sewer system shall be built by MSD to MSD public sewer standards and shall be owned, operated and maintained by MSD.

2. As a condition of participation in the PSR Program, Owner agrees to convey to MSD, at no charge, a standard width permanent easement and temporary construction easement, if necessary, in accordance with MSD's Easement Width Chart, attached hereto as "Exhibit A." The easement shall be sufficient for the installation, operation, maintenance, repair and replacement, if necessary, of a new public sewer line. The easement shall be in form and content satisfactory to MSD and its counsel and will be recorded in the Buncombe County Register of Deeds. As additional consideration for the granting of the easement, MSD will reconnect the Owner's existing sewer service line to the new replacement sewer. No sewer tap or facility fee will be charged. MSD will pay for the preparation of the easement plat and for the cost of recording the easement with the Register of Deeds. Failure of the Owner to convey easement(s) required by MSD will terminate Owner's participation in the PSR Program
3. The actual location of the easement(s) to be conveyed to MSD may not be determined until engineering drawings for the replacement sewer have been prepared and approved by MSD. To the extent possible, the replacement sewer will be located in approximately the same location as the existing private sewer, however, it may be necessary to construct the replacement sewer in a different location. Owner agrees that construction of the replacement sewer in a different location shall not affect Owner's obligations under this agreement.
4. A copy of MSD's standard easement agreement is attached hereto as "Exhibit B." By signing below, Owner acknowledges that he or she has read the easement agreement and is satisfied with the terms and conditions of the same.
5. Owner warrants and represents that they own or hold ownership or possessory interests in the proposed easement area and have the authority to convey an easement to MSD. Owner further warrants and represents that they have the authority to and will do all things necessary to carry out and complete the terms of this contract in a timely manner.
6. Owner and MSD acknowledge and agree that this is a contract to convey an interest in real property and that this contract may be specifically enforced. Owner and MSD further acknowledges and agrees that this agreement shall be binding upon their respective heirs, successors and assigns.
7. Upon the execution of this contract, MSD shall have the right to go on the proposed easement area for inspection and planning purposes. Further, the Owner agrees to cooperate with MSD and to allow MSD reasonable, practical, and necessary access to and egress from said proposed easement area to effectuate the purposes outlined herein.

Execution of this contract does not guarantee the installation of a new public sewer system to serve Owner's property. MSD's obligation to operate and maintain the existing private sewer system or to replace the existing sewer with a line built to public sewer standards is subject to MSD's continuation of the PSR Program, to available funding and dependent upon the participation of other users of the MSD Sewerage System served by existing private sewers in the PSR Program.

Metropolitan Sewerage District of Buncombe County

_____(SEAL)
By: Chairman of the Board

ATTEST:

Secretary

(CORPORATE SEAL)

**STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE**

I, a Notary Public of the County and State aforesaid, certify that _____ personally came before me this day and acknowledged that he is _____ Secretary of Metropolitan Sewerage District of Buncombe County, North Carolina, a Public Body and Body Politic and Corporate, and that by authority duly given and as the act of the corporation, the foregoing instrument was signed in its name by its _____ Chairman of the Board, sealed with its corporate seal, and attested by h _____ as its Secretary.

Witness my hand and official stamp or seal, this _____ day of _____, 20____.

NOTARY PUBLIC

(Type or Print Name of Notary Public)

My Commission Expires:

(NOTARIAL SEAL)

Owner

_____(SEAL)
By:

_____(SEAL)
By:

STATE OF _____
COUNTY OF _____

I, a Notary Public of the County and State aforesaid, certify that _____, appeared before me and being personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity, and that by his/her/their signature(s) on the instrument the person(s), or entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official stamp or seal, this ____ day of _____, 20__.

NOTARY PUBLIC

(Type or Print Name of Notary Public)

My Commission Expires:

(NOTARIAL SEAL)

EXHIBIT A

Easement Width Chart

Metropolitan Sewerage District Required Permanent Easement Widths

Where the depth of sanitary sewers exceeds twenty feet (20') or where slopes exceed 30%, easement widths will be determined by the District on a case by case basis.

Trench Depth	8"- 12" Sewer Right of Way	15"- 18" Sewer Right of Way	21"- 27" Sewer Right of Way	30"- 36" Sewer Right of Way	42"- 54" Sewer Right of Way
0-6	20'	20'	25'	25'	30'
6-8	20'	20'	25'	25'	30'
8-10	20'	25'	25'	25'	30'
10-12	20'	25'	25'	30'	30'
12-14	25'	30'	30'	35'	35'
14-16	30'	35'	35'	40'	40'
16-18	30'	35'	40'	40'	40'
18-20	30'	40'	45'	45'	45'

EXHIBIT B

PREPARED BY AND RETURN AFTER RECORDING TO:
KATHRYN MAULTSBY MADISON of
ROBERTS & STEVENS, P. A. (Box #39)

STATE OF NORTH CAROLINA

COUNTY OF BUNCOMBE

EASEMENT AGREEMENT

THIS EASEMENT AGREEMENT, made this ____ day of _____, 20____, by and between _____ and spouse if any, hereinafter referred to as Grantor, and METROPOLITAN SEWERAGE DISTRICT OF BUNCOMBE COUNTY, NORTH CAROLINA, a public body and body politic and corporate, created and established by the North Carolina State Stream Sanitation Committee by Resolution adopted on January 19, 1962, under the provisions of the North Carolina Metropolitan Sewerage Districts Act, now codified as Chapter 162A, Article 5, of the General Statutes of North Carolina, hereinafter referred to as Grantee (the designations Grantor and Grantee as used herein shall include said parties, their heirs, successors and assigns and shall include singular, plural, masculine, feminine and neuter as required by context).

WITNESSETH:

THAT WHEREAS, the Grantor is the owner of certain property more particularly described in a deed recorded in Book ____ at Page ____, Buncombe County Registry (hereinafter sometimes referred to as "Property"); and

WHEREAS, the Grantee has requested that the Grantor grant and convey to the Grantee a permanent and temporary construction easement over, upon, across, under and through a portion the Property of the Grantor for purposes of constructing, operating, maintaining, repairing, inspecting, reconstructing and replacing, if necessary, sewer lines and accessories and the Grantor has agreed to do so.

NOW, THEREFORE, the Grantor, for and in consideration of the sum of One Dollar (\$1.00), and other good and valuable consideration, the receipt and adequacy of which is hereby acknowledged, has given, granted and conveyed, and by these presents does give, grant, and convey unto the Grantee, its successors and assigns, the permanent and temporary right, privilege and easement to construct, operate, maintain, repair, inspect, reconstruct and replace, if necessary, sanitary sewer lines and accessories over, upon, across, under and through the Property of the Grantor, said permanent easement and temporary construction easement being described as follows:

PERMANENT EASEMENT: A non-exclusive permanent easement for the purposes of constructing, operating, maintaining, repairing, inspecting, reconstructing and replacing, if necessary, sanitary sewer lines, including such pipes, manholes, fittings, fixtures and other accessories as from time to time may be required. The easement shall include the right to perform appropriate tests within said permanent easement, including but not limited to, archaeological and environmental studies. The Grantor agrees to cooperate with the Grantee and to allow the Grantee reasonable, practical, and necessary access to and egress from said permanent easement to effectuate the purposes outlined herein, said permanent easement being more particularly described as follows:

[Legal Description per plat]

Said Permanent Easement consisting of _____ square feet (_____ acre), more or less.

TEMPORARY CONSTRUCTION EASEMENT: A temporary construction easement for the purposes of excavation, digging ditches, storing dirt, supplies and materials, moving and using equipment and generally carrying out the completion of the installation of said sanitary sewer lines and accessories, and for the purposes of inspecting and performing appropriate tests within said temporary construction easement, including but not limited to, archaeological and environmental studies. The Grantor agrees to cooperate with the Grantee and to allow the Grantee reasonable, practical, and necessary access to and egress from said temporary construction easement to effectuate the purposes outlined herein. This right of use as set out in this paragraph shall terminate upon the final completion of the entire project, said temporary construction easement being more particularly described as follows:

[Legal Description per plat]

Said Temporary Easement consisting of _____ square feet (_____ acre), more or less.

Said permanent easement and temporary construction easement being shown on the plat entitled "_____", prepared by _____, dated _____ and last revised on _____, Project No. _____ and recorded in Plat Book _____ at Page _____, Buncombe County Registry.

IT IS UNDERSTOOD AND AGREED BETWEEN THE GRANTOR AND THE GRANTEE:

1. That the Grantee shall have the right to clear the permanent easement and temporary construction easement described above and the right but not the obligation to keep the permanent easement clear at all times, and the right to remove from the permanent easement and temporary construction easement all brush, trees and other obstructions, and to go upon said easements whenever necessary for the purpose of clearing the same and removing therefrom all brush, trees and other obstructions of any kind.

2. That the Grantor shall at all times, other than while the sewer lines are under actual construction, have the right to use said permanent easement and said temporary construction easement, in the same manner as has been heretofore done; provided such use shall in no manner interfere with or be inconsistent with the use thereof by Grantee as provided herein. Prohibited uses of the permanent easement by the Grantor include, but are not limited to, the following: the erection of a shed, building, structure or other obstruction within the permanent easement by the Grantor shall not be allowed; the planting of trees within the permanent easement by the Grantor shall not be allowed; additional fill cannot be placed within the permanent easement except after prior written consent from the Grantee; and other utility lines, including but not limited to, electric, gas, telephone, cable, or water lines, cannot be constructed within the permanent easement except after prior written approval by the Grantee.

3. That the Grantee agrees to restore the topography of said easement areas, and access areas, if any, after installation or repairs of the sewer lines and accessories to approximately the same condition as existed before said installation or repairs.

4. That the Grantor shall have the right to pass over and upon said permanent easement with appropriate roadways for the full use of the Property, provided, however, that the construction, maintenance and use of said roadways shall in no way interfere with the sewer lines and accessories constructed within said permanent easements. As to paved roads, the Grantee, in

future repairs or maintenance of said sewer lines and accessories, shall only be responsible for regravelling, tamping and patching the portion of said paved roads disturbed by such work. As to non-paved roads, the Grantee shall only be responsible for regravelling and tamping in connection with any repairs or maintenance.

5. If the Grantor has a sewer service line ("service line") that presently leads from the Grantor's residence or building on the Grantor's Property to the existing main sewer line which may be abandoned by the Grantee, the Grantee agrees that it will connect the service line to the new or rehabilitated sewer line that will be located within the permanent easements described above. The Grantor hereby agrees to cooperate with and authorizes the Grantee to enter upon the Grantor's Property and to excavate on the Grantor's Property outside of the permanent and temporary construction easement described herein as reasonably practical and necessary for the purpose of locating and connecting said service line. The Grantee shall perform such excavation in a good and workmanlike manner and shall obtain prior approval from the Grantor as to specific areas of Grantor's Property to be excavated. The Grantee shall also restore the topography of the Grantor's Property after location and connection of said service line to approximately the same condition as existed before said work.

6. Other conditions and provisions:

TO HAVE AND TO HOLD said permanent easement and temporary construction easement unto said Grantee, its successors and assigns, upon the terms and for the time periods set forth above.

The Grantor covenants to and with the Grantee, its successors and assigns, that the Grantor is lawfully seized in fee simple of the Property and has full right and power to convey these easements to the Grantee, and that Property is free from any and all liens and encumbrances, and that they will and their successors and assigns shall forever warrant and defend the title to said easements unto the Grantee, its successors and assigns, against the lawful claims of all persons whomsoever.

IN WITNESS WHEREOF, the Grantor has hereunto executed this document, as of the day and year first above written.

(SEAL)

Print Name

STATE OF _____

COUNTY OF _____

I, a Notary Public of the County and State aforesaid, certify that _____, appeared before me and being personally known to me (or proved to me on the basis of satisfactory evidence) to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity, and that by his/her/their signature(s) on the instrument the person(s), or entity upon behalf of which the person(s) acted, executed the instrument.

Witness my hand and official stamp or seal, this _____ day of _____, 20__.

NOTARY PUBLIC

My Commission Expires:

[NOTARIAL SEAL]



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Wesley Barker, Town Clerk **MEETING DATE:** April 13, 2026
AGENDA SECTION: New Business **DEPARTMENT:** Town Clerk
TITLE OF ITEM: Candidate Filing Fees for November 2026 Municipal Election

SUGGESTED MOTION(S):

Council should review and vote to set the filing fee for Town of Black Mountain municipal election candidates.

SUMMARY:

Pursuant to N.C.G.S. § 163-294.2, Notice of candidacy and filing fee in nonpartisan municipal elections, section (e): The filing fee for the primary or election shall be fixed by the governing board not later than the day before candidates are permitted to begin filing notices of candidacy. There shall be a minimum filing fee of five dollars (\$5.00). The governing board shall have the authority to set the filing fee at not less than five dollars (\$5.00) nor more than one percent (1%) of the annual salary of the office sought unless one percent (1%) of the annual salary of the office sought is less than five dollars (\$5.00), in which case the minimum filing fee of five dollars (\$5.00) will be charged. The fee shall be paid to the board of elections at the time notice of candidacy is filed.

Historically, the Town of Black Mountain's filing fee has been \$5. Filing fees are paid to the County's Election Services office at time of candidate filing. According to data sent by the Buncombe County Election Services, surrounding filing fees for municipalities in Buncombe County are as follows:

- Biltmore Forest: \$5
- Black Mountain: \$5
- Montreat: \$10
- Woodfin: \$5
- Weaverville: \$20
- AVL Council: \$75
- AVL Mayor: \$100

Council should review and take a vote to set the filing fee for the 2026 municipal election.

Based on the Statute stated above, 1% of the current annual salary of the office sought for Black Mountain offices would be a \$63 filing fee for Council Members, and \$93 filing for Mayor. Typically, filing fees are set lower to be equitable and affordable to any citizen who wishes to run for an elected office. Council should discuss and can leave the filing fee at \$5, which is the minimum, or suggest another filing fee amount, and take a vote. The fee amount voted upon will then be sent to the County's Election Services by the Town Clerk.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

1. R-26-XX_Resolution to Set Filing Fees for TOBM Candidates for 2026 Municipal Election

Council Member _____ made a motion to approve the following resolution. A vote of ____.

**TOWN OF BLACK MOUNTAIN
A RESOLUTION ESTABLISHING CANDIDATE FILING FEES FOR THE 2026
MUNICIPAL ELECTION
RESOLUTION NO. R-26-XX**

WHEREAS, the Town of Black Mountain conducts nonpartisan municipal elections pursuant to the laws of the State of North Carolina; and

WHEREAS, pursuant to North Carolina General Statute § 163-294.2, candidates for municipal office must file a notice of candidacy and pay a filing fee to the county board of elections; and

WHEREAS, subsection (e) of N.C.G.S. § 163-294.2 provides that the governing board shall fix the filing fee for municipal office, with such fee being not less than five dollars (\$5.00) and not more than one percent (1%) of the annual salary of the office sought, and that such fee must be established no later than the day before the filing period opens ; and

WHEREAS, the Town Council of the Town of Black Mountain desires to establish the filing fees for the 2026 Municipal Election in accordance with State law;

NOW, THEREFORE, BE IT RESOLVED by the Town Council of the Town of Black Mountain that:

1. The filing fee for candidates seeking election to municipal office in the 2026 Municipal Election shall be set as follows:
 - o Mayor: \$ _____
 - o Council Member: \$ _____
2. All filing fees shall be paid to the Buncombe County Board of Elections at the time the notice of candidacy is filed, in accordance with State law.
3. This resolution shall become effective upon adoption.

ADOPTED this the 13th day of April, 2026.

C. Michael Sobol, Mayor

ATTEST:

Wesley M. Barker, Town Clerk



TOWN OF BLACK MOUNTAIN AGENDA ITEM SUMMARY

SUBMITTER: Alice Berry, Town Council Member
MEETING DATE: April 13, 2026

AGENDA SECTION: New Business
DEPARTMENT: Administration

TITLE OF ITEM: Approval of Amended Asheville Regional Housing Consortium Joint Cooperation Agreement & Resolution Authorizing Mayor to Execute Agreement Documents

SUGGESTED MOTION(S):

Motion to approve the amended ARHC Joint Cooperation Agreement and to authorize the Mayor to execute necessary documents for the agreement as presented.

SUMMARY:

The Asheville Regional Housing Consortium recently voted to formally add the Town of Mars Hill and the Town of Marshall to the consortium. While these municipalities have historically operated as members, the Consortium has never fully completed the process of adding them with full recognition by the Department of Housing and Urban Development. Both Mars Hill and Marshall have indicated their desire to formally join the consortium.

Each Cooperating Unit of the consortium must complete two actions to formally add these two municipalities that include 1) approval of the amended Joint Cooperation Agreement, and 2) approval of a resolution authorizing the mayor to execute the updated Joint Cooperation Agreement. Both documents are included in this item as attachments to approve and can be done so with one vote.

BUDGET IMPACT:

Is this expenditure approved in the current fiscal year budget? N/A

If no, describe how it will be funded. N/A

ATTACHMENTS:

1. DRAFT_Ashville Consortium Joint Cooperation Agreement - 2026
2. DRAFT_R-26-32_Resolution - Auth Mayor to Execute Amended Joint Cooperation Agreement wiith ARHC

Council Member _____ made a motion to approve the following resolution for the Asheville Regional Housing Consortium Joint Cooperation Agreement. A vote of _____ in favor.

RESOLUTION NO. #R-26-33

**ASHEVILLE REGIONAL HOUSING CONSORTIUM
JOINT COOPERATION AGREEMENT**

THIS AGREEMENT, entered into this 13th day of April, 2026, by and between geographically contiguous units of general local government as shown on the signature pages attached hereto and herein listed in Exhibit A, which may include Buncombe, Henderson, Madison and Transylvania Counties, and governmental units located within said counties, (herein called "Cooperating Units") and City of Asheville (herein called "Lead Entity"), all of which are general local governmental units of the State of North Carolina, is made pursuant to Chapter 160A, Article 20 of the North Carolina General Statutes.

WITNESSETH THAT:

WHEREAS, the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended (herein called the "Act") makes provisions whereby units of general local government may enter into cooperation agreements and form a Consortium to undertake or assist in undertaking affordable housing pursuant to the HOME Investment Partnerships Program (Home Program); and

WHEREAS, it is the desire of the parties that the Lead Entity continue to act in a representative capacity for the Cooperating Units as well as itself. The Cooperating Units desire that the Lead Entity assume overall responsibility for ensuring that the Consortium, established below, is carried out in compliance with the requirements of the Act, state and federal regulations program requirements and the Consolidated Plan for the Consortium.

NOW, THEREFORE, the parties hereto do mutually agree as follows:

1. To continue the Asheville Regional Housing Consortium (the Consortium) established in 1992 as a joint agency, pursuant to N.C. General Statute 160A-462, for the purposes of cooperatively providing safe, affordable and standard housing, promoting economic development and alleviating housing problems in the counties of Buncombe, Madison, Henderson and Transylvania and the participating municipalities located in those counties.

2. The Asheville Regional Housing Consortium Board of Directors (the Board) will continue to provide policy direction for the operations of the Consortium. The Board will meet at least quarterly or as often as considered necessary by the Lead Entity or by a majority of the members of the Consortium. The membership of the Board shall be comprised of one member from each Cooperating Unit, except that Cooperating Units with population over 35,000 shall have two members. For the purposes of this section, the County population shall consist of residents of unincorporated areas. The Board shall provide an Annual Report summarizing the status and

accomplishments of the consortium to the Governing Body of each member. The Board shall establish policy and administrative arrangements to carry out the functions of the Consortium including, but not limited to, approving proposals for funding submitted by the Consortium, distributing funds awarded to the Consortium and recommending contracts for carrying out the functions of the Consortium. With respect to the financial and legal obligations undertaken by the Lead Entity with HUD, no action shall be taken by the Consortium without the concurrence of the Lead Entity. The Consortium is designated as a participating jurisdiction under the HOME Program, and Cooperating Units shall continue to appoint members to serve on the Board. In the event the Board consists of more than 9 representatives, an executive committee will continue consisting of 5 members representing one each from the four County Governments and one from the Lead Entity. The Lead Entity shall designate one of its representatives to serve as Chairman of the Board and the Executive Committee.

3. The Lead Entity and each Cooperating Unit shall be responsible for providing matching funds required by federal regulations for any funds allocated for that jurisdiction. No Cooperating Unit shall refuse to provide matching funds required by its projects for the period of time that the participation of that Cooperating Unit is required in the Consortium by HUD regulations and this Agreement. Each Cooperating Unit shall reimburse the Lead Entity immediately and in full for any and all expenses incurred by the Lead Entity as a result of the failure of any Cooperating Unit to provide the matching funds. Matching funds will not be required when the Cooperating Unit does not have a project within its jurisdiction.

4. The Cooperating Units hereby authorize the Lead Entity to submit, request and receive HOME funding from the United States Department of Housing and Urban Development on behalf of the Consortium and to otherwise act on behalf of the Consortium as authorized by the Board.

5. The Cooperating Units hereby authorize the Lead Entity to establish and maintain a local HOME Investment Trust Fund for receipt of HOME funds and repayments as required by 24 CFR Part 92.500.

6. The Lead Entity and Cooperating Units shall cooperate in the implementation of the HOME Program and shall cooperate in the preparation of the Consolidated Plan by providing to the Lead Entity that information needed.

7. The Lead Entity and Cooperating Units shall be entitled to a pro rata portion of the HOME Program funding for eligible uses under the Act and each shall be responsible for meeting their pro rata portion of the matching fund requirements. If no amounts are established by the Federal government for the Lead Entity and Cooperating Units in the Consortium, funds for the Lead Entity and Cooperating Units shall be allocated by the Board.

8. The Consortium agrees that at least 15% of all HOME Program funds received will be subcontracted for projects administered by Community Housing Development Organizations (CHDOs) as defined in the Act which have 501(c) tax status as required by federal law.

9. The Board shall have the right to reallocate HOME Program funding to the Consortium to be used by other Consortium members when a Cooperating Unit is unable to use the funding due to lack of eligible projects or matching resources. A schedule for reallocation shall be determined by the Board to allow HOME Program funding to be used by the Consortium before reallocation by the U.S. Department of Housing and Urban Development to jurisdictions outside the Consortium. The reallocation of funds that are unable to be used shall be consistent with the Consortium's adopted Consolidated Plan.

10. With reference to any program income and repayments generated from the HOME funds, federal regulations shall govern placement of program income generated from HOME funds and repayments into the local trust fund. The Lead Entity shall, if requested and to the extent possible, separately account for program income and repayments on each Cooperating Unit's projects. Program Income and repayments on projects shall only be available to the Cooperating Unit for use on activities that are consistent with the Act and the approved Consolidated Plan.

11. The Cooperating Units and Lead Entity shall affirmatively further fair housing.

12. The Lead Entity and Cooperating Units, as parties to the Consortium, shall direct all activities, with respect to the Consortium, to the alleviation of housing problems in the State of North Carolina.

13. The Cooperating Units and Lead Entity agree that each will save the other harmless due to the negligent acts of its employees, officers or agents, including volunteers, or due to any negligent operation of equipment. This section shall not be construed as waiving any defense or limitation which either party may have against any claim or cause of action by any person not a party to this agreement. The Cooperating Units shall not be held harmless for liability that may result from failure to provide proper accounting or otherwise comply with State and Federal regulations. Each Cooperating Unit shall immediately reimburse the Lead Entity in full for any and all expense for which the Lead Entity shall become responsible in its role as Lead Entity. To the extent that such expense is incurred by the acts or omissions of a single Cooperating Unit, that Cooperating Unit shall make such reimbursement in full. To the extent that such expense is incurred by acts or omissions of two or more Cooperating Units, said reimbursement shall be shared proportionately by those Cooperating Units.

14. The Lead Entity and the Cooperating Units agree to remain in the Consortium at least through September 30, 2028. Thereafter, each party shall continue to participate in the Consortium to the extent required by HUD regulations or other applicable law. The obligations of each of the parties as set forth herein and as required by HUD regulations and other applicable law shall remain effective for the duration of any responsibility of the Consortium or Lead Entity to HUD. The Lead Entity and cooperating units agree not to withdraw from the Agreement prior to September 30, 2028.

15. Should disputes arise between any participants in the Consortium resulting in legal action, such actions shall be filed in the appropriate courts of Buncombe County. All parties hereto located in Counties outside Buncombe County specifically waive any alternate venue.

16. The program year start date for the Consortium shall be July 1, 2026. The Lead Entity and Cooperating Units agree to have the same program year for CDBG and HOME.

17. Unless otherwise terminated by agreement in writing of all parties hereto or by termination of the HOME program by HUD, this agreement shall automatically be renewed for successive three-year qualification periods under the same terms and conditions. The parties agree that this agreement shall be amended to incorporate any changes necessary to meet the requirements for consortia agreements set forth in the Consortia Qualification Notice for any subsequent three-year qualification period. Any Cooperating Unit shall have the right to withdraw from the consortium at the beginning of any renewal period by giving notice in writing to the City of Asheville. For each renewal period, the City of Asheville shall, by the date specified in HUD's consortia designation notices, notify each of the Participating Units in writing of its right not to participate for that renewal period and shall provide copies of all such notifications to HUD.

IN WITNESS WHEREOF, the lead entity and the Cooperating Units have caused this Agreement to be executed by a duly authorized officer of each party.

Attest to:

Town of Black Mountain

Wesley M. Barker, Town Clerk
(Corporate Seal)

By: _____
C. Michael Sobol, Mayor

STATE OF NORTH CAROLINA
COUNTY OF BUNCOMBE

I, Notary Public of the County and State aforesaid certify that _____, personally came before me this day and acknowledged that they are the Clerk of the Town of Black Mountain, a body politic and corporate, and that by authority duly given and as the act of the corporation the foregoing instrument was signed in its name by its Mayor and attested by them as its City Clerk.

Witness my hand and notarial seal this _____ day of _____, 2026.

Notary Public
My Commission Expires: _____

Certification that each party does hereby state that this joint Cooperation Agreement is fully authorized and is in accordance with State and local law and provides full legal authority for the member to undertake or to assist in undertaking housing assistance activities under the HOME Investment Partnership program authorized under the National Affordable Housing Act of 1990, as amended.

Craig Justus, Town Attorney
Town of Black Mountain

**EXHIBIT A
ASHEVILLE REGIONAL HOUSING CONSORTIUM
LIST OF COOPERATING UNITS**

Cooperating Unit	Type
City of Asheville	Lead Entity/Participating Jurisdiction (PJ)
Buncombe County	Unincorporated Part of Non-CDBG County
Black Mountain Town	Place within Buncombe County
Montreat Town	Place within Buncombe County
Woodfin Town	Place within Buncombe County
Henderson County	Unincorporated Part of Non-CDBG County
Fletcher Town	Place within Henderson County
Hendersonville City	Place within Henderson County
Madison County	Unincorporated Part of Non-CDBG County
Mars Hill Town (NEW)	Place within Madison County
Marshall Town (NEW)	Place within Madison County
Transylvania County	Unincorporated Part of Non-CDBG County
Brevard City	Place within Transylvania County

RESOLUTION AUTHORIZING THE MAYOR OF THE TOWN OF BLACK MOUNTAIN TO EXECUTE AN AMENDED JOINT COOPERATION AGREEMENT TO ADD THE TOWN OF MARS HILL AND THE TOWN OF MARSHALL TO THE ASHEVILLE REGIONAL HOUSING CONSORTIUM

RESOLUTION NO. # R-26-32

WHEREAS, the Town of Black Mountain, North Carolina, has determined that the health and welfare of its jurisdiction may benefit from increasing the availability of safe, affordable and standard housing; and

WHEREAS, the Town of Black Mountain has determined that providing safe, affordable, and standard housing will benefit work force productivity and area economic development; and

WHEREAS, a cooperative approach to providing housing in the Asheville Regional area will avoid duplication of effort and promote more effective delivery of housing services; and

WHEREAS, a consortium of local governments is entitled to receive funds from the U.S. Department of Housing and Urban Development that they would otherwise be unqualified to receive individually; and

WHEREAS, the Cranston-Gonzalez National Affordable Housing Act of 1990, as amended, makes provisions whereby units of general local government may enter into cooperation agreements and form Consortia to undertake or assist in undertaking affordable housing pursuant to the HOME Investment Partnerships Program; and

WHEREAS, the Town of Black Mountain is a current member of and, along with the other regional units of general local government members, desires to continue the Asheville Regional Housing Consortium to undertake or assist in undertaking affordable housing under the Cranston-Gonzalez National Affordable Housing Act of 1990; and

WHEREAS, the Town of Mars Hill and the Town of Marshall each wish to join the Asheville Regional Housing Consortium; and

WHEREAS, it is the desire of Town of Black Mountain to admit the Town of Mars Hill and the Town of Marshall as members of the Asheville Regional Housing Consortium; and

WHEREAS, Article 20 Chapter 160A of the North Carolina General Statutes authorizes units of local government to enter into contracts or agreements with each other in order to execute any undertaking.

NOW, THEREFORE, be it resolved by the Town of Black Mountain that:

- 1) The Town of Black Mountain hereby supports the addition of Mars Hill and Marshall to the Asheville Regional Housing Consortium and the Mayor of Town of Black Mountain

is authorized to execute an amended Joint Cooperation Agreement with the other member governments of the Asheville Regional Housing Consortium

- 2) The Mayor is further authorized to sign all contracts, approved by the Town of Black Mountain Attorney, with other Governmental Agencies as may be required to carry out activities of the Cooperation Agreement.

ADOPTED this 13th day of April, 2026, in a regular session of the Town of Black Mountain, North Carolina.

C. Michael Sobol, Mayor
Town of Black Mountain

ATTEST:

Wesley M. Barker, Town Clerk
Town of Black Mountain