

**Town of Montreat
Audit Committee
Meeting Agenda
January 7, 2026 - 3:30 p.m.
Town Hall**

Call to Order

- Moment of Silence

I. Agenda Adoption

II. New Business

- A. Audited Financial Statements FY24-25
- B. Discussion
- C. Suggested Motion: Move to recommend that the Board of Commissioners approve the Audited Financial Statements FY24-25

III. Adjournment

Joint Board of Commissioners & Audit Committee Meeting October 31, 2024, 11:00 a.m. Meeting Minutes

Board of Commissioners in Attendance:

Mayor Tim Helms
Commissioner Tom Widmer, Audit Committee Member
Mayor Pro Tem Mason Blake, in virtual attendance
Commissioner Jane Alexander, Audit Committee Member
Commissioner Kitty Fouche, Audit Committee, in virtual attendance
Commissioner Grant Dasher (arrived at 11:15 a.m.)

Board of Commissioners Absent:

None

Audit Committee Members in Attendance:

Chair Hugh Alexander
Vice-Chair Philip Alexander

Town Staff in Attendance:

Savannah Parrish, Town Manager
Angie Murphy, Town Clerk
Rachel Eddings, Finance Officer

Members of the Public in Attendance:

Unknown

Call to Order

Chair Hugh Alexander called the Joint Board of Commissioners & Audit Committee Meeting to order on Thursday, October 31, 2024, at 11:00 AM. A moment of silence was observed.

Agenda Adoption

Chair Alexander called for a motion to adopt the agenda.

Motion to adopt the agenda as presented.

Motion by: Commissioner Jane Alexander Second by: Commissioner Tom Widmer

Vote: Approved unanimously

New Business

Presentation of FY23-24 Annual Comprehensive Financial Report

Fran Noel from Carter, P.C. presented the FY23-24 Annual Comprehensive Financial Report (ACFR). She began by reporting that her firm issued an unmodified opinion, meaning the financial statements present fairly in all material aspects of the financial position of the Town of Montreat.

Ms. Noel highlighted several positive financial points from the Management's Discussion and Analysis section:

- The Town's net position exceeded liabilities and deferred inflows by \$9,000,000
- Total net position increased by \$424,000
- Governmental funds ended with a fund balance of \$2,200,000, a net increase of \$280,000
- Debt decreased by \$230,000 (12.8%), primarily due to planned principal payments
- Unassigned fund balance in the General Fund was \$1,230,000

Commissioner Tom Widmer asked about the difference between the unassigned fund balance (\$1,230,000) and the calculation when subtracting \$821,665 from the overall fund balance of \$2.2 million. Ms. Noel clarified that the first bullet point refers only to the general fund, while the second includes all governmental funds, including special revenue funds like ARPA and Landcare.

Ms. Noel continued by reviewing the detailed financial statements, noting that current and other assets increased by \$361,000 from FY23 to FY24. She explained that capital assets decreased due to recording depreciation, and long-term debt decreased due to principal payments on installment purchases.

Philip Arnold, Vice Chair of the Audit Committee, inquired about a significant change in "other receivables," which had grown to \$609,000 in FY23 but disappeared in FY24. Ms. Noel explained these were funds that had been escheated by BB&T/Truist to the state treasurer due to account inactivity, but those funds have since been recovered and now appear in the cash and cash equivalents line.

Regarding the Water Fund, Ms. Noel noted that while the fund shows an operating loss on paper, this is primarily due to depreciation, which is a non-cash expense. The Water Fund actually generated positive cash flow of \$236,000 from operations. Mayor Pro Tem Mason Blake asked if this meant the Water Fund was not running at a deficit, and Ms. Noel confirmed that from a cash flow perspective, it was not.

Commissioner Widmer observed that the audit statement about the water infrastructure shows it is 70% depreciated, indicating potential aging issues that may require future investment. Ms. Noel confirmed this was the only area of concern indicated in the Local Government Commission's data input workbook, and this finding would require a written response.

Ms. Noel also presented the statistical section of the report, which includes demographic information, revenue and expenditure trends, and the town's debt limit. She noted that towns in North Carolina are allowed to borrow up to 8% of their assessed property value, which would mean Montreat could borrow up to \$23 million, with current debt being well below that threshold.

Commissioner Widmer noted two discrepancies in the statistical section: outdated information on the largest taxpayers and an incorrect count of full-time employees (listed as 9 when there should be 12).

Financial Impact & Community Benefit

The audit reveals the Town is in strong financial position with total net position of \$9,000,000 and an increase in fund balance of \$280,000 during FY23-24. This represents recurring positive fiscal management as debt decreased by \$230,000 (12.8%). The primary benefit to residents is financial stability and accountability, with tax collection rates at 99.88%. The audit identified one ongoing concern regarding water infrastructure depreciation at 70%, which will require planning for future capital investments. The Audit Committee provides oversight by thoroughly reviewing these financial statements annually.

Discussion

The Audit Committee discussed the report, with Chair Alexander noting it was a clean audit with no adverse findings, providing reasonable assurance that the financial information is fairly presented. He thanked town employees for their work in meeting the audit deadline.

Suggested Motion: Move to Approve the FY23-24 ACFR

Motion to adopt the audit as presented.

Motion by: Commissioner Tom Widmer Second by: Commissioner Jane Alexander

Vote: Approved unanimously

Adjournment

Motion to adjourn.

Motion by: Commissioner Tom Widmer Second by: Commissioner Jane Alexander

Vote: Approved unanimously

The meeting was adjourned at 11:45 a.m.

Chair Hugh Alexander

Mayor Tim Helms

Angie Murphy, Town Clerk



TOWN OF MONTREAT, NORTH CAROLINA

Annual Comprehensive Financial Report

Year Ended June 30, 2025

TOWN OF MONTREAT, NORTH CAROLINA

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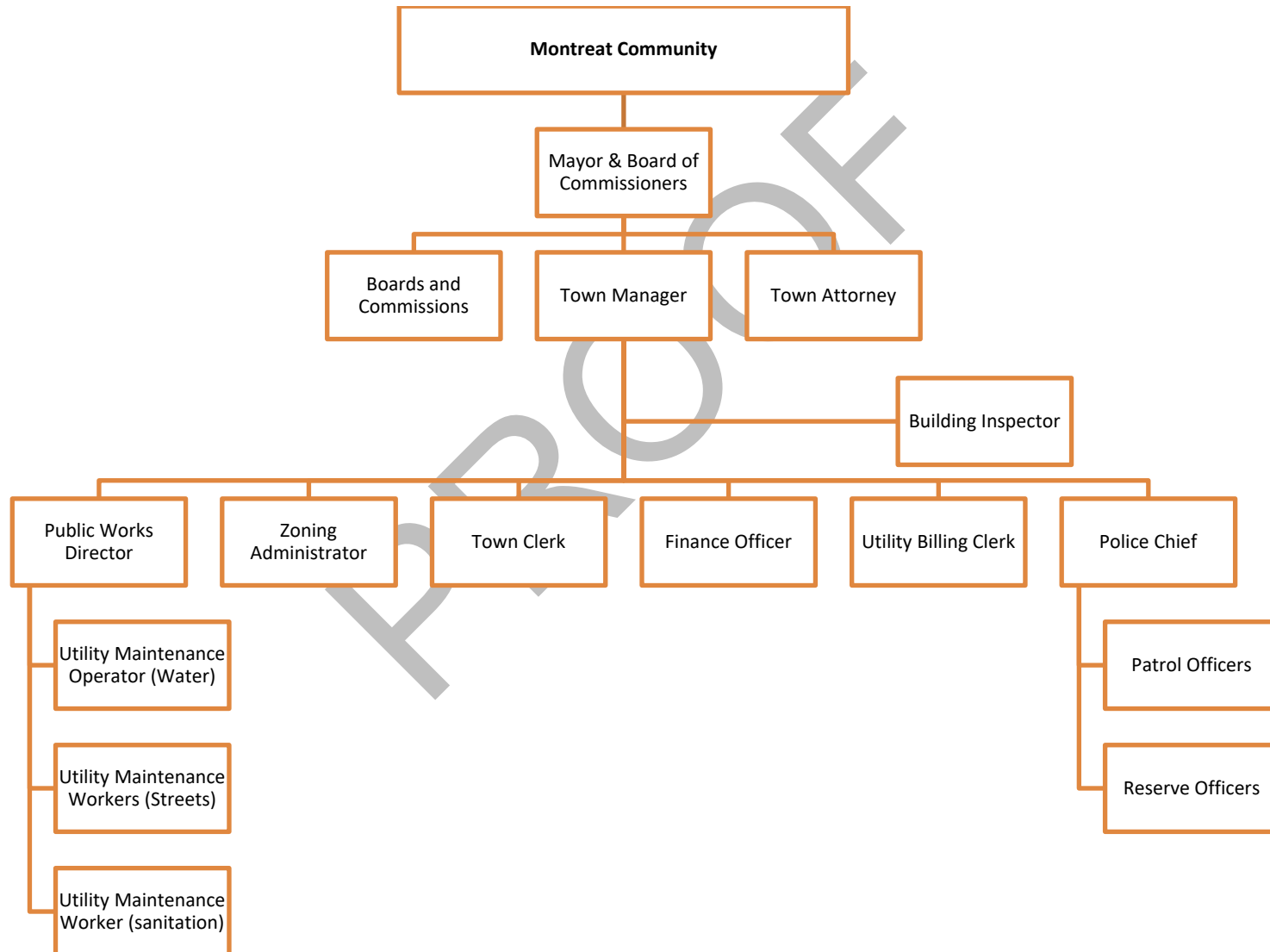
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PROOF

INTRODUCTORY SECTION

ORGANIZATIONAL CHART



LIST OF PRINCIPAL OFFICIALS

Board of Commissioners Members

Honorable Tim Helms, Mayor
Katheryn Fouche, Mayor Pro Tem
Mason Blake
Jane Alexander
Grant Dasher
Tom Widmer

Audit Committee

Hugh Alexander, Chair
Philip Arnold, Vice Chair
Mason Blake
Katheryn Fouche
Tom Widmer

Administrative and Financial Staff

Savannah Parrish, Town Manager
Rachel Eddings, Finance Officer
Angela Murphy, Town Clerk
Jeff Eaton, Chief of Police
Barry Creasman, Director of Public Works

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FINANCIAL SECTION

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and Members
of the Board Commissioners
Town of Montreat, North Carolina

Report on the Audit of Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Montreat, North Carolina (the Town) 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Montreat, North Carolina as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Montreat, North Carolina, 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 these financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditors' 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 judgement 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 of Montreat's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Montreat'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.

To the Honorable Mayor and Members
of the Board of Commissioners
Town of Montreat, North Carolina
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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 13, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability and Contributions, on pages 51 and 52, respectively, the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 53 and 54, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Montreat's basic financial statements. The individual fund statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. 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. In our opinion the individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To the Honorable Mayor and Members
of the Board of Commissioners
Town of Montreat, North Carolina
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Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' 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 December 19, 2025, on our consideration of the Town of Montreat's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Montreat's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Montreat's internal control over financial reporting and compliance.

CARTER, P.C.

Asheville, North Carolina
December 19, 2025

TOWN OF MONTREAT, NORTH CAROLINA

Management's Discussion and Analysis

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

Financial Highlights

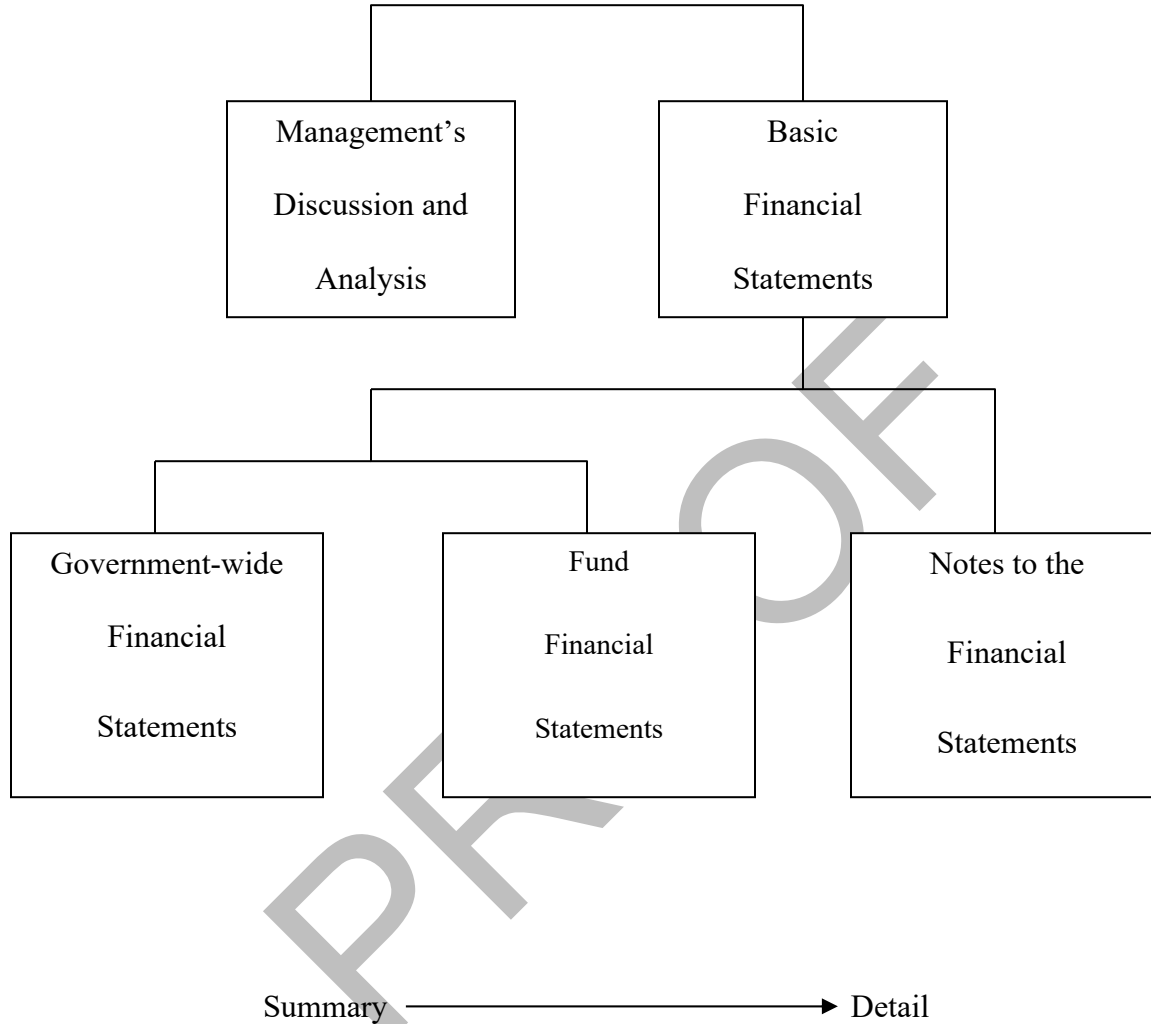
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,869,137 (*net position*).
- The government's total net position decreased by \$194,742, primarily due to increases in expenditures.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,473,357, with a net increase of \$259,253 in fund balance. Approximately 27.31% of this total amount, or \$675,421 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,101,575 or 110.75% of total general fund expenditures and transfers out for the fiscal year.
- The Town's total debt increased by \$392,316 (25.03% over the prior year) during the current fiscal year, primarily due to receiving financing for emergency response and repairs.

Overview of the Financial Statements

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

TOWN OF MONTREAT, NORTH CAROLINA

**Required Components of Annual Financial Report
Figure 1**



Basic Financial Statements

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

The next statements (Exhibits 3 through 8) are **fund financial statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements for major governmental funds; and 3) the proprietary fund statements.

TOWN OF MONTREAT, NORTH CAROLINA

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

Government-Wide Financial Analysis

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

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

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as public safety, transportation, and general administration. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water services offered by the Town.

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

Fund Financial Statements

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

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

TOWN OF MONTREAT, NORTH CAROLINA

The Town of Montreat adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds - The Town of Montreat has one kind of proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Montreat uses an enterprise fund to account for its water activity. The fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities. In accordance with *GASB 84 Fiduciary Activities*, the Town of Montreat reports custodial assets and the related liability in its proprietary fund.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees.

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

TOWN OF MONTREAT, NORTH CAROLINA

Government-Wide Financial Analysis

**Town of Montreat's Net Position
Figure 2**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Current and other assets	\$ 2,506,162	\$ 2,278,415	\$ 1,063,757	\$ 963,051	\$ 3,569,919	\$ 3,241,466
Capital assets	<u>5,872,358</u>	<u>6,041,050</u>	<u>1,175,370</u>	<u>1,238,459</u>	<u>7,047,728</u>	<u>7,279,509</u>
Total assets	<u>8,378,520</u>	<u>8,319,465</u>	<u>2,239,127</u>	<u>2,201,510</u>	<u>10,617,647</u>	<u>10,520,975</u>
 Total deferred outflows of resources	 <u>290,369</u>	 <u>313,909</u>	 <u>30,737</u>	 <u>26,524</u>	 <u>321,106</u>	 <u>340,433</u>
Long-term liabilities outstanding	1,610,572	1,303,126	348,859	263,989	1,959,431	1,567,115
Other liabilities	<u>35,052</u>	<u>66,054</u>	<u>15,229</u>	<u>18,848</u>	<u>50,281</u>	<u>84,902</u>
Total liabilities	<u>1,645,624</u>	<u>1,369,180</u>	<u>364,088</u>	<u>282,837</u>	<u>2,009,712</u>	<u>1,652,017</u>
 Total deferred inflows of resources	 <u>56,398</u>	 <u>92,334</u>	 <u>3,506</u>	 <u>4,787</u>	 <u>59,904</u>	 <u>97,121</u>
Net position:						
Net investment in capital assets	5,061,329	5,341,985	882,847	1,017,622	5,944,176	6,359,607
Restricted	675,421	821,379			675,421	821,379
Unrestricted	<u>1,230,117</u>	<u>1,008,496</u>	<u>1,019,423</u>	<u>922,788</u>	<u>2,249,540</u>	<u>1,931,284</u>
Net position as previously reported		7,171,860		1,940,410		9,112,270
Prior period adjustment		<u>(48,391)</u>				<u>(48,391)</u>
Total net position	<u>\$ 6,966,867</u>	<u>\$ 7,123,469</u>	<u>\$ 1,902,270</u>	<u>\$ 1,940,410</u>	<u>\$ 8,869,137</u>	<u>\$ 9,063,879</u>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Montreat exceeded liabilities and deferred inflows by \$8,869,137, as of June 30, 2025.

Current and other assets increased by \$328,453 from the prior year. The main factor causing the increase was an overall increase in cash from additional revenues.

The Town's net position decreased by \$194,742 for the fiscal year ended June 30, 2025. By far, the largest portion reflects the Town's net investment in capital assets (e.g. land, buildings, infrastructure, machinery, and equipment). The Town of Montreat uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Montreat's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$675,421, represents resources that are subject to external restrictions on how they may be used.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.92%.
- Increased tax revenues of approximately \$16,400 due to the growth of the Town.
- Continued efforts in cost savings by Town management.

TOWN OF MONTREAT, NORTH CAROLINA

**Town of Montreat's Changes in Net Position
Figure 3**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>	<u>2025</u>	<u>2024</u>
Revenues:						
Program revenues:						
Charges for services	\$ 202,845	\$ 149,892	\$ 386,541	\$ 414,840	\$ 589,386	\$ 564,732
Operating grants and contributions	442,442	138,933			442,442	138,933
Capital grants and contributions						
General revenues:						
Property taxes	1,305,250	1,288,822			1,305,250	1,288,822
Sales taxes	593,036	607,815			593,036	607,815
Other taxes	120,876	114,619			120,876	114,619
Investment earnings	908	1,436	377	379	1,285	1,815
Other	50,235	7,927			50,235	7,927
Total revenues	2,715,592	2,309,444	386,918	415,219	3,102,510	2,724,663
Expenses:						
General government	717,895	586,907			717,895	586,907
Public safety	491,249	480,784			491,249	480,784
Transportation	1,580,881	567,277			1,580,881	567,277
Environmental protection	213,526	175,722			213,526	175,722
Cultural and recreation	21,515	32,071			21,515	32,071
Interest on long-term debt	23,933	24,218			23,933	24,218
Water			425,058	436,992	425,058	436,992
Total expenses	3,048,999	1,866,979	425,058	436,992	3,474,057	2,303,971
Increase (decrease) in net position before other financing sources (uses)	(333,407)	442,465	(38,140)	(21,773)	(371,547)	420,692
Transfers		8,369		(8,369)		
Insurance proceeds	197,805				197,805	
Gain (loss) on sale of asset	(21,000)	4,250			(21,000)	4,250
Increase (decrease) in net position	(156,602)	455,084	(38,140)	(30,142)	(194,742)	424,942
Net position, beginning as previously reported	7,171,860	6,716,776	1,940,410	1,970,552	9,112,270	8,687,328
Prior period adjustment	(48,391)				(48,391)	
Net position, ending	\$6,966,867	\$7,171,860	\$1,902,270	\$1,940,410	\$8,869,137	\$9,112,270

Governmental activities. Governmental activities decreased the Town's net position by \$156,602, accounting for the majority of the decrease in the net position of the Town of Montreat. The decrease in net position was the result of increased expenditures. The Town continued efforts to control costs and manage expenditures and Town management continued to reduce non-essential programs to a minimum and implemented cost saving strategies across departments.

Management believes that healthy investment in the Town will result in additional revenues, adding to the Town's net position. Capital projects over the past few years, which were largely funded by governmental activities, resulted in negative impacts on net position of governmental activities.

TOWN OF MONTREAT, NORTH CAROLINA

Town management acknowledges that 2025 was a successful year but plans on improving upon these approaches as a long-term strategy to realize continued fiscal health. Key elements of this stability are continued diligence in tax collections and monitoring expenditures.

Business-type activities. Business-type activities decreased the Town of Montreat's net position by \$38,140. Overall Water Fund expenses decreased by \$11,934 (2.73% under the prior year). A key element of the decrease in net position was decreased water revenues. Cost-saving measures are continuing to be taken to reduce operating costs in the Water Fund and improve fiscal health.

Financial Analysis of the Town's Funds

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

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

The general fund is the chief operating fund of the Town. At the end of the current fiscal year, the Town's fund balance available in the General Fund was \$2,274,365, while total fund balance reached \$2,796,840. The Governing Body of the Town of Montreat has determined that the Town should maintain an available fund balance of at least 40% of general fund budgeted expenditures in case of unforeseen needs or opportunities, in addition to meeting the cash flow needs of the Town. The Town currently has an available fund balance of 71.03% of general fund budgeted expenditures, and total fund balance represents 87.35% of the same amount.

At June 30, 2025, governmental funds reported a combined fund balance of \$2,473,357, with a net increase in fund balance of \$259,253. Included in this change in fund balance is an increase in fund balance in the general fund of \$724,426.

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.

There were several reasons the Town revised its budget throughout the year. Amendments were made for unplanned expenses and additional transfers to other funds.

Proprietary Fund. The Town of Montreat's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$1,019,423. The total change in net position for the Water Fund was a decrease of \$38,140. The change in net position in the Water Fund is primarily a result decreased water revenues. Custodial assets and liabilities in the proprietary fund total \$22,296, as of June 30, 2025.

TOWN OF MONTREAT, NORTH CAROLINA

Capital Asset and Debt Administration

Capital assets. The Town of Montreat’s investment in capital assets for its governmental and business-type activities as of June 30, 2025, totals \$7,047,728 (net of accumulated depreciation), a decrease of 3.18% over the prior year. These assets include land, construction in progress, buildings, building improvements, infrastructure, equipment, IT equipment, and vehicles. Major capital asset transactions during the year include the following: receipt of a donated police vehicle, purchase of a wood chipper, installation of a security system at the convenience center, and construction on the Texas Road Culvert project. There was no construction in process at June 30, 2025 as the project was completed during the year then ended.

Town of Montreat’s Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 1,057,505	\$ 1,057,505	\$ 367,968	\$ 367,968	\$ 1,425,473	\$ 1,425,473
Construction in process		93,274				93,274
Buildings	2,185,028	2,233,556	49,757	53,310	2,234,785	2,286,866
Building improvements	12,020	973	358,357	378,266	370,377	379,239
Infrastructure	2,465,350	2,485,721	342,615	385,162	2,807,965	2,870,883
Equipment	116,077	128,750	56,673	53,753	172,750	182,503
Vehicles	36,378	41,271			36,378	41,271
Total	<u>\$ 5,872,358</u>	<u>\$ 6,041,050</u>	<u>\$ 1,175,370</u>	<u>\$ 1,238,459</u>	<u>\$ 7,047,728</u>	<u>\$ 7,279,509</u>

Additional information on the Town’s capital assets can be found in Note 3.A.4 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2025, The Town of Montreat’s debt consisted of installment notes, compensated absences, and pension related debt.

Town of Montreat’s Outstanding Debt

Figure 5

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Installment purchases	\$ 811,029	\$ 699,065	\$ 292,523	\$ 220,837	\$ 1,103,552	\$ 919,902
Compensated absences	192,595	67,302			192,595	67,302
Pension related debt (LGERS)	513,858	453,778	56,336	43,152	570,194	496,930
Pension related debt (LEOSSA)	93,090	82,981			93,090	82,981
Total	<u>\$ 1,610,572</u>	<u>\$ 1,303,126</u>	<u>\$ 348,859</u>	<u>\$ 263,989</u>	<u>\$ 1,959,431</u>	<u>\$ 1,567,115</u>

Town of Montreat’s Outstanding Debt. The Town of Montreat’s total debt increased by \$392,316 (25.03% over the prior year) during the current fiscal year. The key factors in the increase were a \$183,650 increase in installment debt obligation and increases in pension liability and compensated absences.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government’s boundaries. The legal debt margin for the Town of Montreat is \$24,088,651.

TOWN OF MONTREAT, NORTH CAROLINA

Additional information regarding the Town of Montreat's long-term debt can be found in Note 3.B.6 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Increased property values in the current fiscal year.
- Continued effort by the Town to limit excess costs.

Budget Highlights for the Fiscal Year Ending June 30, 2026

Governmental Activities: Property taxes and other tax revenues are expected to remain consistent during 2026, even though there were some reduced valuations due to damage caused by Hurricane Helene. Revenues from fees and permits are expected to decline due to building permits being handled by Buncombe County.

Budgeted expenditures in the General Fund are expected to decrease approximately 5.79% to \$2,077,915. The budgeted decreases are in response to an overall general decrease in budgeted revenues.

Business-type Activities: Budgeted Water Fund revenues for the fiscal year ending June 30, 2026, have been estimated at \$424,900. This represents a slight decrease from the budgeted amounts for the fiscal year ending June 30, 2025. Generally, water revenues are expected to be consistent for the next fiscal year.

Budgeted Water Fund expenditures and debt service for the fiscal year ending June 30, 2026, equal \$424,900. This is primarily due to revenues and spending remaining consistent.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of Montreat, P.O. Box 423 Montreat, North Carolina, 28757. One can also call (828) 669-8002, visit our website www.townofmontreat.org, or send an email to reddings@townofmontreat.org for more information.

PROOF

BASIC FINANCIAL STATEMENTS

TOWN OF MONTREAT, NORTH CAROLINA

Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,168,362	\$ 1,021,157	\$ 3,189,519
Taxes receivable, net	201,643		201,643
Accounts receivable, net		21,401	21,401
Other receivables, net	(1,650)		(1,650)
Inventories		16,540	16,540
Restricted cash and cash equivalents	137,807	4,659	142,466
Total current assets	<u>2,506,162</u>	<u>1,063,757</u>	<u>3,569,919</u>
Noncurrent assets:			
Capital assets:			
Land, non-depreciable improvements, and constructions in process	1,057,505	367,968	1,425,473
Other capital assets, net of depreciation	4,814,853	807,402	5,622,255
Total non-current assets	<u>5,872,358</u>	<u>1,175,370</u>	<u>7,047,728</u>
Total assets	<u>\$ 8,378,520</u>	<u>\$ 2,239,127</u>	<u>\$ 10,617,647</u>
Deferred outflows of resources			
Pension deferrals	<u>\$ 290,369</u>	<u>\$ 30,737</u>	<u>\$ 321,106</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 35,052	\$ 10,570	\$ 45,622
Liabilities payable from restricted assets		4,659	4,659
Current portion of long-term liabilities	115,889	40,322	156,211
Total current liabilities	<u>150,941</u>	<u>55,551</u>	<u>206,492</u>
Long-term liabilities:			
Total pension liability	93,090		93,090
Net pension liability	513,858	56,336	570,194
Due in more than one year	887,735	252,201	1,139,936
Total long-term liabilities	<u>1,494,683</u>	<u>308,537</u>	<u>1,803,220</u>
Total liabilities	<u>\$ 1,645,624</u>	<u>\$ 364,088</u>	<u>\$ 2,009,712</u>
Deferred inflows of resources			
Pension deferrals	<u>\$ 56,398</u>	<u>\$ 3,506</u>	<u>\$ 59,904</u>
Net position			
Net investment in capital assets	\$ 5,061,329	\$ 882,847	\$ 5,944,176
Restricted:			
Stabilization by State Statute	522,475		522,475
Streets	137,807		137,807
Open Space	14,868		14,868
ARPA	271		271
Unrestricted	<u>1,230,117</u>	<u>1,019,423</u>	<u>2,249,540</u>
Total net position	<u>\$ 6,966,867</u>	<u>\$ 1,902,270</u>	<u>\$ 8,869,137</u>

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

Exhibit 2

TOWN OF MONTREAT, NORTH CAROLINA

Statement of Activities
For the Year Ended June 30, 2025

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 717,895	\$ 87,945	\$ 359,163	\$	\$ (270,787)	\$	\$ (270,787)
Public safety	491,249				(491,249)		(491,249)
Transportation	1,580,881		58,411		(1,522,470)		(1,522,470)
Environmental protection	213,526	114,900			(98,626)		(98,626)
Cultural and recreation	21,515		24,868		3,353		3,353
Interest on long-term debt	23,933				(23,933)		(23,933)
Total governmental activities	<u>3,048,999</u>	<u>202,845</u>	<u>442,442</u>		<u>(2,403,712)</u>		<u>(2,403,712)</u>
Business-type activities:							
Water	425,058	386,541				(38,517)	(38,517)
Total business-type activities	<u>425,058</u>	<u>386,541</u>				<u>(38,517)</u>	<u>(38,517)</u>
Total primary government	<u>\$ 3,474,057</u>	<u>\$ 589,386</u>	<u>\$ 442,442</u>	<u>\$</u>	<u>(2,403,712)</u>	<u>(38,517)</u>	<u>(2,442,229)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					1,305,250		1,305,250
Sales taxes					593,036		593,036
Other taxes					120,876		120,876
Unrestricted investment earnings					908	377	1,285
Miscellaneous					50,235		50,235
Total general revenues before other financing sources (uses)					2,070,305	377	2,070,682
Insurance proceeds					197,805		197,805
Loss on sale of capital assets					(21,000)		(21,000)
Total general revenues and other financing sources					2,247,110	377	2,247,487
Change in net position					(156,602)	(38,140)	(194,742)
Net position beginning, as previously stated					7,171,860	1,940,410	9,112,270
Restatement					(48,391)		(48,391)
Net position, ending					<u>\$ 6,966,867</u>	<u>\$ 1,902,270</u>	<u>\$ 8,869,137</u>

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

Exhibit 3

TOWN OF MONTREAT, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2025

	Major Funds		Total Nonmajor Funds	Total Governmental Funds
	General Fund	Hurricane Recovery		
Assets				
Cash and cash equivalents	\$ 2,491,845	\$ (445,241)	\$ 121,758	\$ 2,168,362
Taxes receivable, net	1,009			1,009
Due from other governments	200,634			200,634
Other receivables	(1,650)			(1,650)
Restricted cash	137,807			137,807
Total assets	<u>\$ 2,829,645</u>	<u>(445,241)</u>	<u>\$ 121,758</u>	<u>\$ 2,506,162</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 31,796	\$	\$	\$ 31,796
Deferred inflows of resources				
Property taxes receivable	1,009			1,009
Fund balances				
Restricted:				
Stabilization by State statute	522,475			522,475
Streets	137,807			137,807
Open Space	14,868			14,868
ARPA			271	271
Committed	20,115		121,487	141,602
Unassigned	2,101,575	(445,241)		1,656,334
Total fund balances	<u>2,796,840</u>	<u>(445,241)</u>	<u>121,758</u>	<u>2,473,357</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 2,829,645</u>	<u>\$ (445,241)</u>	<u>\$ 121,758</u>	

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:	
Gross capital assets at historical cost	7,943,588
Accumulated depreciation	(2,071,230)
Deferred outflows of resources related to pensions are not reported in the funds	290,369
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:	
Net pension liability	(513,858)
Total pension liability	(93,090)
Installment purchases	(811,029)
Accrued compensated absences	(192,595)
Deferred inflows of resources related to pensions are not reported in the funds	(56,398)
Deferred inflows of resources related taxes receivable	1,009
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds	(3,256)
Net position of governmental activities	<u>\$ 6,966,867</u>

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

TOWN OF MONTREAT, NORTH CAROLINA

Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2025

	Major Funds		Total Nonmajor Funds	Total Governmental Funds
	General Fund	Hurricane Helene		
Revenues				
Ad valorem taxes	\$ 1,305,754	\$	\$	\$ 1,305,754
Other taxes and licenses	593,036			593,036
Unrestricted intergovernmental	120,876		24,868	145,744
Restricted intergovernmental	58,411			58,411
Permits and fees	202,845			202,845
Investment earnings	908			908
Miscellaneous	67,674	341,724		409,398
Total revenues	<u>2,349,504</u>	<u>341,724</u>	<u>24,868</u>	<u>2,716,096</u>
Expenditures				
Current:				
General government	591,511		1,089	592,600
Public safety	447,223			447,223
Transportation	472,300	976,681		1,448,981
Environmental protection	243,862			243,862
Cultural and recreation	10,013			10,013
Debt service:				
Principal	108,752			108,752
Interest and other charges	23,933			23,933
Total expenditures	<u>1,897,594</u>	<u>976,681</u>	<u>1,089</u>	<u>2,875,364</u>
Excess (deficiency) of revenues over expenditures	<u>451,910</u>	<u>(634,957)</u>	<u>23,779</u>	<u>(159,268)</u>
Other financing sources				
Insurance proceeds	197,805			197,805
Proceeds from long-term debt		220,716		220,716
Transfers from (to) other funds	74,711	(31,000)	(43,711)	
Total other financing sources (uses)	<u>272,516</u>	<u>189,716</u>	<u>(43,711)</u>	<u>418,521</u>
Net change in fund balance	724,426	(445,241)	(19,932)	259,253
Fund balances, beginning	<u>2,072,414</u>		<u>141,690</u>	<u>2,214,104</u>
Fund balances, ending	<u>\$ 2,796,840</u>	<u>\$ (445,241)</u>	<u>\$ 121,758</u>	<u>\$ 2,473,357</u>

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

TOWN OF MONTREAT, NORTH CAROLINA

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2025

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

Net changes in fund balances - total governmental funds	\$ 259,253
<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 exceeded depreciation in the current period</p>	
Capital outlay expenditures which were capitalized	56,585
Depreciation expense for governmental assets	(204,277)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	109,105
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities	(2,175)
Installment notes issued	(220,716)
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds</p>	
Decrease in unavailable revenue for tax revenues	(504)
Loss on sale of assets	(21,000)
<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 affect of these differences in the treatment of long-term debt and related items</p>	
Principal payments on long-term debt	108,752
<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	(76,902)
Pension expense	(164,723)
Total changes in net position of governmental activities	<u>\$ (156,602)</u>

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

TOWN OF MONTREAT, NORTH CAROLINA

General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with final budget- positive (negative)
Revenues				
Ad valorem taxes	\$ 1,275,900	\$ 1,275,900	\$ 1,305,754	\$ 29,854
Other taxes and licenses	440,000	440,000	593,036	153,036
Unrestricted intergovernmental	93,900	93,900	120,876	26,976
Restricted intergovernmental	52,000	102,000	58,411	(43,589)
Permits and fees	219,190	219,190	202,845	(16,345)
Investment earnings	515	515	908	393
Miscellaneous	1,400	483,946	67,674	(416,272)
Total revenues	<u>2,082,905</u>	<u>2,615,451</u>	<u>2,349,504</u>	<u>(265,947)</u>
Expenditures				
Current:				
General government	608,840	643,840	591,511	52,329
Public safety	475,950	475,950	439,973	35,977
Transportation	552,285	1,437,000	472,300	964,700
Environmental protections	199,146	217,846	194,527	23,319
Cultural and recreation	24,050	24,050	10,013	14,037
Debt service:				
Principal	118,867	118,867	108,752	10,115
Interest and other charges	21,767	22,245	23,933	(1,688)
Capital outlay	232,000	262,250	56,585	205,665
Total expenditures	<u>2,232,905</u>	<u>3,202,048</u>	<u>1,897,594</u>	<u>1,304,454</u>
Revenues over (under) expenditures	<u>(150,000)</u>	<u>(586,597)</u>	<u>451,910</u>	<u>1,038,507</u>
Other financing sources (uses)				
Insurance proceeds		184,589	197,805	13,216
Proceeds from long-term debt		100,000		(100,000)
Transfer (to) from other funds		112,008	74,711	(37,297)
Total other financing sources (uses)		<u>396,597</u>	<u>272,516</u>	<u>(124,081)</u>
Fund balance appropriated	<u>150,000</u>	<u>190,000</u>		<u>(190,000)</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	<u>724,426</u>	<u>\$ 724,426</u>
Fund balance, beginning			<u>2,072,414</u>	
Fund balance, ending			<u>\$ 2,796,840</u>	

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

TOWN OF MONTREAT, NORTH CAROLINA

Statement of Fund Net Position
 Proprietary Fund
 June 30, 2025

	Major Enterprise Fund <u>Water Fund</u>
Assets	
Current assets:	
Cash and cash equivalents	\$ 1,021,157
Accounts receivable (net)	21,401
Other receivables	
Inventories	16,540
Restricted cash and cash equivalents	<u>4,659</u>
Total current assets	<u>1,063,757</u>
Noncurrent assets:	
Land and construction in process	367,968
Capital assets, net of depreciation	<u>807,402</u>
Total noncurrent assets	<u>1,175,370</u>
Total assets	<u>\$ 2,239,127</u>
Deferred outflows of resources	
Pension deferrals	<u>\$ 30,737</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	\$ 10,570
Installment purchases, current	40,322
Liabilities payable from restricted assets:	
Customer deposits	<u>4,659</u>
Total current liabilities	<u>55,551</u>
Noncurrent liabilities:	
Installment purchases	252,201
Net pension liability	<u>56,336</u>
Total noncurrent liabilities	<u>308,537</u>
Total liabilities	<u>\$ 364,088</u>
Deferred inflows of resources	
Pension deferrals	<u>\$ 3,506</u>
Net position	
Net investment in capital assets	\$ 882,847
Unrestricted	<u>1,019,423</u>
Total net position	<u>\$ 1,902,270</u>

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

TOWN OF MONTREAT, NORTH CAROLINA

Statement of Revenues, Expenses, and Changes in Fund Net Position
 Proprietary Fund
 For the Year Ended June 30, 2025

	Major Enterprise Fund <u>Water Fund</u>
Operating revenues	
Charges for services	\$ 344,219
Other operating revenues	<u>42,322</u>
Total operating revenues	<u>386,541</u>
Operating expenses	
Water operations	348,525
Depreciation	<u>73,589</u>
Total operating expenses	<u>422,114</u>
Operating loss	<u>(35,573)</u>
Nonoperating revenues (expenses)	
Investment earnings	377
Interest expense	<u>(2,944)</u>
Total non-operating expenses	<u>(2,567)</u>
Change in net position	(38,140)
Beginning net position	<u>1,940,410</u>
Total net position, ending	<u>\$ 1,902,270</u>

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

TOWN OF MONTREAT, NORTH CAROLINA

Statement of Cash Flows
 Proprietary Fund
 For the Year Ended June 30, 2025

	Major Enterprise Fund <u>Water Fund</u>
Cash flows from operating activities	
Cash received from customers	\$ 386,735
Cash paid for goods and services	(218,497)
Cash paid to or on behalf of employees for services	<u>(115,780)</u>
Net cash provided by operating activities	<u>52,458</u>
Cash flows from capital and related financing activities	
Acquisition of capital assets	(10,500)
Proceeds from long-term financing	112,008
Principal payment on long-term debt	(40,322)
Interest payment on long-term debt	<u>(2,944)</u>
Net cash used by capital and related financing activities	<u>58,242</u>
Cash flows from investing activities	
Interest received	<u>377</u>
Net increase in cash and cash equivalents	111,077
Balances, beginning	<u>914,739</u>
Balances, ending	<u>\$ 1,025,816</u>
Reconciliation of operating loss to net cash provided by operating activities:	
Operating loss	\$ (35,573)
Depreciation	73,589
Changes in assets and liabilities:	
Decrease in accounts receivable	10,371
Decrease in accounts payable and accrued liabilities	(831)
Decrease in accrued payroll liabilities	(2,159)
Increase in compensated absences	2,323
Decrease in customer deposits	(2,952)
Increase in net pension liability	13,184
Increase in deferred outflows of resources - pensions	(4,213)
Decrease in deferred inflows of resources - pensions	<u>(1,281)</u>
Net cash provided by operating activities	<u>\$ 52,458</u>

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

TOWN OF MONTREAT, NORTH CAROLINA

Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2025

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Town of Montreat 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 Montreat (the “Town”) is a municipal corporation that is governed by an elected mayor and a five-member board of commissioners.

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 specific 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 specific 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 Town has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

Note 1 - Summary of Significant Accounting Policies (continued)

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 administration, public safety, and street maintenance.

The Town reports the following major enterprise fund:

Water Fund. This fund is used to account for the Town's water operations. The Town reports custodial assets and liabilities within the water fund. The Town collects sewer charges that are required to be remitted to the Metropolitan Sewerage District (MSD). These funds are typically held for less than three months.

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 and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. The principle operating revenues of the Town's enterprise fund are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system.

Note 1 - Summary of Significant Accounting Policies (continued)

Operating expenses for the enterprise fund 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. Issuance of general long-term debt and acquisitions under leases are reported as other financing sources.

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

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town 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 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 and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all capital project funds and special revenue funds.

Note 1 - Summary of Significant Accounting Policies (continued)

All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board and the Board must adopt an interim budget that covers that time until the annual ordinance can be adopted. During the year, several amendments to the original budget were necessary.

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

1. Deposits and Investments

All deposits of the Town are made in board-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town may designate, as an official depository, any bank or savings association whose principal office is located in North Carolina. Also, the Town 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 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 investments are generally reported at fair value. The NCCMT, which consists of an SEC-registered mutual fund (the Government Portfolio), is authorized by G.S. 159-30(c)(8). The Government Portfolio, which invests in treasuries, government agencies, and collateralized repurchase agreements, is a money market mutual fund (2a7) and maintains an AAAM rating from S&P and AAAMf by Moody's Investor Service. It is reported 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.

3. Restricted Assets

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

Note 1 - Summary of Significant Accounting Policies (continued)

Restricted cash at June 30, 2025 consists of the following:

Governmental activities:

General Fund:

Streets \$ 137,807

Business-type activities:

Water Fund:

Customer deposits 4,659

Total restricted cash \$ 142,466

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 has established a schedule of discounts that apply to taxes that 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 that were written off in prior years.

6. Inventory and Prepaid Items

The inventories of the Town are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recognized as expenditures as used rather than when purchased. The inventories of the Town's enterprise fund consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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

Note 1 - Summary of Significant Accounting Policies (continued)

7. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; equipment and furniture, \$5,000; vehicles and motorized equipment, \$10,000; computer software and computer equipment \$5,000. 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 the road network 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 functionality of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30
Buildings	50
Improvements	25
Equipment and furniture	10
Vehicles	6
Computer equipment	3

8. Deferred Outflows/Inflows of Resources

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

9. 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.

Note 1 - Summary of Significant Accounting Policies (continued)

10. Compensated Absences

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee or paid to an employee flex spending account) during or upon separation from employment. Based on the criteria above, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is recorded as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits where applicable.

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's governmentwide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time.

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

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

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

Restricted for General Government - The portion of fund balance that is restricted for Town Hall building project.

Restricted for Capital Assets - The portion of fund balance that is restricted for purchase of software.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Montreat'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.

Committed for General Government - portion of fund balance that is committed by the Board for the Town Hall building project.

Committed for Transportation - portion of fund balance that is committed by the Board for road projects.

Committed for Culture and Recreation - portion of fund balance that is committed by the Board for forestry and land projects.

Note 1 - Summary of Significant Accounting Policies (continued)

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

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

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

The Town of Montreat has also adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the Town in such a manner that remaining fund balance is at least equal to or greater than 40% of budgeted expenditures. Any portion of the General Fund balance in excess of 40% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Montreat'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 LGERS. Investments are reported at fair value.

Note 2 - Stewardship, Compliance, and Accountability

1. Preaudit Certificate

Per G.S. 159-28, any written contract, agreement, or purchase order involving the payment of money must include the preaudit certificate of the Finance Officer. During compliance testing, we noted that sixteen out of sixteen transactions tested were not noted as preaudited by the Finance Officer prior to disbursement.

Corrective action plan

Management will monitor transactions more closely to ensure that proper procedures are followed.

Note 2 - Stewardship, Compliance, and Accountability

2. Fidelity Bond

N.C.G.S. 159-29 requires the Finance Officer be bonded for the greater of \$50,000 or an amount equal to ten percent of the unit's annually budgeted funds, up to \$1,000,000. For the year ended June 30, 2025 to finance officer was not adequately covered under a fidelity bond.

Corrective action plan

The Town will obtain an adequate fidelity bond in accordance with NC General Statutes.

2. Internal Control over Compliance

Per G.S. 143-133.3, work contracts must require contractors and subcontractors to verify employee work authorization under Article 2 of Chapter 64, which uses the federal E-verify system. During compliance testing, we noted that eleven out of sixteen transactions tested did not have a contract that fulfilled this requirement to verify work authorization.

Corrective action plan

Management will monitor contracts more closely to ensure that proper procedures are followed.

Note 3 - Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in 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 for the Town, these deposits are considered to be held by the Town's agents in Town'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 amount of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

Note 3 - Detail Notes on All Funds (continued)

The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2025, the Town's deposits had a carrying amount of \$3,354,281 and a bank balance of \$3,421,582. Of the bank balance, \$264,386 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 \$250.

2. Investments

At June 30, 2025, the Town had \$15,860 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's (S&P). The Town has no policy regarding credit risk.

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:

Water fund - accounts receivable	\$ <u>1,930</u>
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Note 3 - Detail Notes on All Funds (continued)

4. Capital Assets

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

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 1,057,505	\$	\$	\$ 1,057,505
Construction in process	93,274		93,274	
Total capital assets not being depreciated	<u>1,150,779</u>		<u>93,274</u>	<u>1,057,505</u>
Capital assets being depreciated:				
Buildings	2,425,927			2,425,927
Improvements	59,507	12,766	11,596	60,677
Infrastructure	3,577,779	93,274		3,671,053
Equipment	261,818	36,569	84,473	213,914
IT equipment	70,367		31,598	38,769
Vehicles	468,493	7,250		475,743
Total capital assets being depreciated	<u>6,863,891</u>	<u>\$ 149,859</u>	<u>\$ 127,667</u>	<u>6,886,083</u>
Less accumulated depreciation for:				
Buildings	192,371	\$ 48,528	\$	240,899
Improvements	58,534	1,719	11,596	48,657
Infrastructure	1,092,058	113,645		1,205,703
Equipment	138,717	26,968	63,473	102,212
IT equipment	64,718	1,274	31,598	34,394
Vehicles	427,222	12,143		439,365
Total accumulated depreciation	<u>1,973,620</u>	<u>\$ 204,277</u>	<u>\$ 106,667</u>	<u>2,071,230</u>
Total capital assets being depreciated, net	<u>4,890,271</u>			<u>4,814,853</u>
Governmental activity capital assets, net	<u>\$ 6,041,050</u>			<u>\$ 5,872,358</u>

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

General government	\$ 56,817
Public safety	16,147
Transportation	113,238
Environmental protection	6,573
Cultural and recreation	11,502
Total depreciation expense	<u>\$ 204,277</u>

Note 3 - Detail Notes on All Funds (continued)

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities:				
Capital assets not being depreciated:				
Land	\$ 367,968	\$	\$	\$ 367,968
Capital assets being depreciated:				
Buildings	142,110			142,110
Improvements	601,155			601,155
Infrastructure	2,064,609			2,064,609
Equipment	164,147	10,500	24,188	150,459
IT equipment	29,455			29,455
Vehicles	26,514			26,514
Total capital assets being depreciated	<u>3,027,990</u>	<u>\$ 10,500</u>	<u>\$ 24,188</u>	<u>3,014,302</u>
Less accumulated depreciation for:				
Buildings	88,801	\$ 3,552	\$	92,353
Improvements	222,889	19,909		242,798
Infrastructure	1,679,447	42,548		1,721,995
Equipment	110,394	7,580	24,188	93,786
IT equipment	29,454			29,454
Vehicles	26,514			26,514
Total accumulated depreciation	<u>2,157,499</u>	<u>\$ 73,589</u>	<u>\$ 24,188</u>	<u>2,206,900</u>
Total capital assets being depreciated, net	<u>870,491</u>			<u>807,402</u>
Water fund capital assets, net	<u>\$ 1,238,459</u>			<u>\$ 1,175,370</u>

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Montreat 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 (ACFR) for the State of North Carolina. The state's ACFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454, or at www.osc.nc.gov.

Note 3 - Detail Notes on All Funds (continued)

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined at 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 or 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 Montreat employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town's contractually required contribution rate for the year ended June 30, 2025, was 15.04% of compensation for law enforcement officers and 13.64% 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 were \$109,105, 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.

Note 3 - Detail Notes on All Funds (continued)

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 \$570,194, 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, 2024, (measurement date), the Town's proportion was 0.00846%, which was an increase of 0.00096% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of \$157,080. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 99,920	\$ 672
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	77,517	
Changes in proportion and differences between Town contributions and proportionate share of contributions	24,553	34,813
Town contributions subsequent to the measurement date	<u>109,105</u>	
Total	<u>\$ 311,095</u>	<u>\$ 35,485</u>

\$109,105 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2025.

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

<u>Year ended June 30:</u>	
2026	\$ 44,012
2027	104,710
2028	26,548
2029	(8,765)
2030	-
Thereafter	-

Note 3 - Detail Notes on All Funds (continued)

Actuarial Assumptions. The total pension liability in the December 31, 2024 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 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.

Note 3 - Detail Notes on All Funds (continued)

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%	6.9%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation Protection	6.0%	4.3%
Total	100%	

This 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 2.50%. 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 liability 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)	\$ 1,010,400	\$ 570,194	\$ 208,064

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 (ACFR) for the State of North Carolina.

Note 3 - Detail Notes on All Funds (continued)

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

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

Retirees receiving benefits	1
Active plan members	<u>4</u>
Total	<u><u>5</u></u>

(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 are recognized when due and payable in accordance with the terms of the plan.

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

(3) Actuarial Assumptions

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

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

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2024.

Note 3 - Detail Notes on All Funds (continued)

Mortality rates use Pub-2010 amount-weighted tables.

(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. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$2,175 as benefits became 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 \$93,090. 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 \$6,851.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,881	\$ 18,662
Changes of assumptions	955	5,757
Town benefit payments and plan administrative expense made subsequent to the measurement date	2,175	
Total	<u>\$ 10,011</u>	<u>\$ 24,419</u>

\$2,175 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2026	\$ (12,253)
2027	(5,557)
2028	278
2029	763
2030	167
Thereafter	19

Note 3 - Detail Notes on All Funds (continued)

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 <u>(3.28%)</u>	Discount Rate <u>(4.28%)</u>	1% Increase <u>(5.28%)</u>
Total pension liability	\$ 100,503	\$ 93,090	\$ 86,354

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

	<u>2025</u>
Beginning balance	\$ 82,981
Service Cost	5,769
Interest on the total pension liability	3,319
Difference between expected and actual experience	3,028
Changes of assumptions or other inputs	(2,007)
Benefit payments	
Ending balance of the total pension liability	<u>\$ 93,090</u>

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

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

Note 3 - Detail Notes on All Funds (continued)

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 157,080	\$ 6,851	\$ 163,931
Pension Liability	570,194	93,090	663,284
Proportionate share of net pension liability	0.00846%	n/a	
Deferred Outflows of Resources:			
Differences between expected and actual experience	99,920	6,881	106,801
Changes of assumptions		955	955
Net difference between projected and actual earnings on plan investments	77,517		77,517
Changes in proportion and differences between contributions and proportionate share of contributions	24,553		24,553
Benefit payments and administrative costs paid subsequent to the measurement date	109,105	2,175	111,280
Deferred Inflows of Resources:			
Differences between expected and actual experience	672	18,662	19,334
Changes of assumptions		5,757	5,757
Changes in proportion and differences between contributions and proportionate share of contributions	34,813		34,813

c. **Supplemental Retirement Income Plan for Law Enforcement Officers**

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan. The Town made contributions of \$10,983 for the reporting year. No amounts were forfeited.

Note 3 - Detail Notes on All Funds (continued)

The Town has extended a similar benefit to general employees. The Town made contributions of \$27,508 for the reporting year. No amounts were forfeited.

2. Other Employment Benefits

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

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources in the Statement of Net Position are comprised of the following:

Contributions to pension plan in the current fiscal year	\$ 109,105
Benefit payments and administrative expense for LEOSA made subsequent to the measurement date	2,175
Differences between expected and actual experience	106,801
Changes of assumptions	955
Net difference between projected and actual earnings on plan investments	77,517
Changes in proportion and differences between contributions and proportionate share of contributions	24,553
Total	<u>\$ 321,106</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Property tax receivable	\$	\$ 1,009
Differences between expected and actual experience	19,334	
Changes of assumptions	5,757	
Changes in employer contributions and proportionate	34,813	
Total	<u>\$ 59,904</u>	<u>\$ 1,009</u>

Note 3 - Detail Notes on All Funds (continued)

4. Risk Management

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

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

The Town carries flood insurance on its Town Hall building.

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 should be bonded for an amount that is not less than the greater of \$50,000 or the amount equal to 10% of the Town's annually budgeted funds up to \$1,000,000. The finance officer did not have an adequate fidelity bond for fiscal year 2025.

At June 30, 2025, the Town was not a defendant to any lawsuits.

Note 3 - Detail Notes on All Funds (continued)

6. Long-Term Obligations

a. Installment Purchases

The Town's installment purchases serviced by the General Fund at June 30, 2025 are comprised of the following individual issues:

In November 2015, the Town entered into a note with a private banking institution for \$162,000, to finance the construction of the Upper Kentucky Road Water Extension Project. The note bears interest at 2.12% and is payable in 10 annual installments beginning in November 2016. Secured by a deed of trust. \$ 16,239

In June 2019, the Town entered into a note with a private banking institution for \$1,000,000, to finance the construction of a Town Hall. The note bears interest at 3.16% and is payable in 15 annual installments beginning in June 2020. Secured by a deed of trust. 600,000

In August 2024, the Town entered into a note with a private banking institution for \$100,000, to finance repairs on the Texas pedestrian bridge. The note bears interest at 6.18% and is payable in 36 monthly installments beginning in September 2024. Unsecured. 74,074

In May 2025, the Town entered into a loan agreement with the North Carolina Department of State Treasurer under the State Loans for Disaster Response Activities to Local Governments program for \$120,716, to provide interim financing for disaster recovery expenditures pending reimbursement from other sources. The loan is non-interest bearing and requires variable payments on an annual basis. The loan matures in June 2030 and is unsecured. 120,716

Total installment purchases - General Fund \$ 811,029

Note 3 - Detail Notes on All Funds (continued)

Annual debt service requirements to maturity for installment purchases serviced by the General Fund are as follows:

<u>Years Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 115,889	\$ 19,308
2027	113,836	16,853
2028	96,764	14,747
2029	102,881	12,640
2030	114,952	10,533
2031-2035	<u>266,707</u>	<u>21,067</u>
Total	<u>\$ 811,029</u>	<u>\$ 95,148</u>

The Town's installment purchases serviced by the Water Fund at June 30, 2025, are comprised of the following individual issues:

In November 2015, the Town entered into a note with a private banking institution for \$138,000, to finance the construction of the Upper Kentucky Road Water Extension Project. The note bears interest at 2.12% and is payable in 10 annual installments beginning in November 2016. Secured by a deed of trust. \$ 13,800

Drinking Water State Revolving Loan principal forgiveness loan for the construction of two water-related projects. The loan has a maximum amount of \$492,995, of which \$246,947 could be debt. The loan has three parts: parts one and two are interest free, and part three bears interest at a 2.22%. The notes are payable in 20 annual installments beginning at the time the project is completed. Unsecured. 166,715

In February 2025, the Town entered into a note with a private banking institution for \$112,008, to finance emergency repairs of water infrastructure. The note is non-interest bearing and is payable upon the earlier of receipt of disaster relief or by June 2030. Unsecured. 112,008

Total installment purchases - Water Fund \$ 292,523

Note 3 - Detail Notes on All Funds (continued)

Annual debt service requirements to maturity for installment purchases serviced by the Water Fund are as follows:

Years Ending June 30	Business-Type Activities	
	Principal	Interest
2026	\$ 40,322	\$ 2,333
2027	26,522	1,745
2028	26,522	1,455
2029	26,522	1,164
2030	138,530	873
2031-2035	<u>34,105</u>	<u>873</u>
Total	<u>\$ 292,523</u>	<u>\$ 8,443</u>

b. Changes in Long-Term Liabilities

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

	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental activities:					
Installment purchases	\$ 699,065	\$ 220,716	\$ 108,752	\$ 811,029	\$ 115,889
Total pension liability (LEO)	82,981	10,109		93,090	
Net pension liability (LGERS)	453,778	60,080		513,858	
Compensated absences	<u>67,302</u>	<u>125,293</u>		<u>192,595</u>	
Governmental activities long-term liabilities	<u>\$ 1,303,126</u>	<u>\$ 416,198</u>	<u>\$ 108,752</u>	<u>\$ 1,610,572</u>	<u>\$ 115,889</u>
Business-type activities:					
Installment purchases	\$ 220,837	\$ 112,008	\$ 40,322	\$ 292,523	\$ 40,322
Net pension liability (LGERS)	<u>43,152</u>	<u>13,184</u>		<u>56,336</u>	
Business-type activities long-term liabilities	<u>\$ 263,989</u>	<u>\$ 125,192</u>	<u>\$ 40,322</u>	<u>\$ 348,859</u>	<u>\$ 40,322</u>

C. Interfund Balances and Activity

Transfers to/from other funds for the year ended June 30, 2025, consist of the following:

From the General Fund to the Special Revenue Fund for interfund account adjustment	\$ 43,711
From the General Fund to the Hurricane Helene Recovery Fund to move loan proceeds	<u>31,000</u>
Total	<u>\$ 74,711</u>

Note 3 - Detail Notes on All Funds (continued)

D. Net Investment in Capital Assets

The Town's net investment in capital assets at June 30, 2025, is calculated as follows:

	<u>Governmental</u>	<u>Business-type</u>
Capital assets	\$ 5,872,358	\$ 1,175,370
Less: installment purchases	<u>(811,029)</u>	<u>(292,523)</u>
Net investment in capital assets	<u>\$ 5,061,329</u>	<u>\$ 882,847</u>

E. Fund Balance

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

Total fund balance - General Fund	\$ 2,796,840
Less:	
Stabilization by State Statute	(522,475)
Restricted for streets	(137,807)
Restricted for open space	(14,868)
Committed	(20,115)
Working capital / fund balance policy	<u>(1,120,717)</u>
Remaining fund balance	<u>\$ 980,858</u>

The Town has adopted a minimum fund balance policy for the General Fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 40% of final budgeted expenditures. The Town is in compliance with this policy at June 30, 2025.

Note 4 - Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required, and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the 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 moneys.

Note 5 – Changes in Accounting Principles

For the year ended June 30, 2025, GASB Statement No. 101, *Compensated Absences*, was implemented. 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. This change restated and reduced beginning net position of governmental activities in the government-wide statements by \$48,391.

For the year ended June 30, 2025, GASB Statement No. 102, *Certain Risk Disclosures*, was implemented. The disclosures will provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact.

Note 6 - Significant Effects of Subsequent Events

Management has evaluated subsequent events through December 19, 2025, which is the date the financial statements were available to be issued.

PROOF

REQUIRED SUPPLEMENTARY INFORMATION

PROOF

TOWN OF MONTREAT, NORTH CAROLINA

Schedule of the Proportionate Share of Net Pension Liability
Local Government Employees' Retirement System
Last Ten Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Montreat's proportion of the net pension liability (asset) (%)	0.00846%	0.00750%	0.00954%	0.00952%	0.00925%	0.01051%	0.00797%	0.00926%	0.00946%	0.01067%
Montreat's proportion of the net pension liability (asset) (\$)	\$ 570,194	\$ 496,930	\$ 538,192	\$ 145,998	\$ 330,542	\$ 287,020	\$ 189,076	\$ 141,467	\$ 200,773	\$ 47,886
Montreat's covered payroll	\$ 778,319	\$ 718,650	\$ 594,272	\$ 601,834	\$ 605,136	\$ 656,351	\$ 546,381	\$ 595,751	\$ 623,948	\$ 631,711
Montreat's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	73.26%	69.15%	90.56%	24.26%	54.62%	43.73%	34.61%	23.75%	32.18%	7.58%
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 MONTREAT, NORTH CAROLINA

Schedule of Contributions
Local Government Employees' Retirement System
Last Ten Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 109,105	\$ 95,535	\$ 74,309	\$ 69,816	\$ 62,244	\$ 60,543	\$ 43,456	\$ 42,845	\$ 45,161	\$ 43,897
Contributions in relation to the contractually required contribution	<u>\$ 109,105</u>	<u>95,535</u>	<u>74,309</u>	<u>69,816</u>	<u>62,244</u>	<u>60,543</u>	<u>43,456</u>	<u>42,845</u>	<u>45,161</u>	<u>43,897</u>
Contribution deficiency	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Covered payroll	<u>\$ 778,319</u>	<u>\$718,650</u>	<u>\$ 594,272</u>	<u>\$ 601,834</u>	<u>\$ 605,136</u>	<u>\$ 656,351</u>	<u>\$ 546,381</u>	<u>\$ 595,751</u>	<u>\$ 623,948</u>	<u>\$ 631,711</u>
Contributions as a percentage of covered payroll	14.02%	13.29%	12.50%	11.60%	10.29%	9.22%	8.08%	7.84%	7.58%	7.04%

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

TOWN OF MONTREAT, NORTH CAROLINA

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Last Ten Fiscal Years*

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 82,981	\$ 78,018	\$ 119,706	\$ 196,644	\$ 145,236	\$ 154,885	\$ 59,532	\$ 77,602	\$ 70,293
Service cost	5,769	6,267	6,517	7,555	4,244	4,168	2,736	5,494	5,389
Interest on the total pension liability	3,319	3,086	2,549	3,473	4,190	5,029	1,353	2,635	2,509
Difference between expected and actual experience	3,028	6,920	(28,879)	(52,477)	21,634	12,192	127,434	(15,203)	
Changes of assumptions or other inputs	(2,007)	1,521	(9,044)	(2,059)	54,770	2,392	(2,740)	7,661	(589)
Benefit payments		(12,831)	(12,831)	(33,430)	(33,430)	(33,430)	(33,430)	(18,657)	
Ending balance of the total pension liability	\$ 93,090	\$ 82,981	\$ 78,018	\$ 119,706	\$ 196,644	\$ 145,236	\$ 154,885	\$ 59,532	\$ 77,602

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

TOWN OF MONTREAT, NORTH CAROLINA

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

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 93,090	\$ 82,981	\$ 78,018	\$ 119,706	\$ 196,644	\$ 145,236	\$ 154,885	\$ 59,532	\$ 77,602
Covered payroll	213,948	293,121	255,276	247,445	233,551	237,346	181,374	240,642	227,806
Total pension liability as a percentage of covered payroll	43.51%	28.31%	30.56%	48.38%	84.20%	61.19%	85.40%	24.74%	34.06%

Notes to the schedule:

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

The pension schedules are intended to show information for ten years; additional years' information will be displayed as it becomes available.

PROOF

**INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**

TOWN OF MONTREAT, NORTH CAROLINA

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

	Budget	Actual	Variance Positive (Negative)
Revenues			
Ad valorem taxes:			
Current year taxes	\$ 1,275,900	\$ 1,305,754	\$ 29,854
Total	1,275,900	1,305,754	29,854
Other taxes and licenses:			
Local sales tax	440,000	593,036	153,036
Unrestricted intergovernmental			
Utility franchise tax	89,600	116,109	26,509
Solid waste disposal	650	613	(37)
Beer and wine tax	3,650	4,154	504
Total	93,900	120,876	26,976
Restricted intergovernmental:			
Grant proceeds	50,000		(50,000)
Powell Bill allocation	52,000	58,411	6,411
Total	102,000	58,411	(43,589)
Permits and fees:			
Community service fees	45,700	43,433	(2,267)
Building permits	40,000	36,330	(3,670)
Public safety charges			
Sanitation fees	126,140	104,940	(21,200)
Zoning permits	4,000	8,138	4,138
Other	3,350	10,004	6,654
Total	219,190	202,845	(16,345)
Investment earnings	515	908	393
Other income:			
Miscellaneous	93,042	50,235	(42,807)
Contributions	390,904	17,439	(373,465)
Total	483,946	67,674	(416,272)
Total revenues	2,615,451	2,349,504	(265,947)

TOWN OF MONTREAT, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (continued)
For the Year Ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
Expenditures			
General government:			
Governing Body:			
Salaries and employee benefits	\$ 16,551	\$ 18,141	\$ (1,590)
Operating expenses	9,149	4,105	5,044
Professional services	33,000	30,981	2,019
Reimbursement - proprietary funds	(3,909)	(3,909)	
Total	54,791	49,318	5,473
Administration:			
Salaries and employee benefits	362,300	349,425	12,875
Operating expenses	120,538	96,502	24,036
Professional services	96,862	88,402	8,460
Reimbursement - proprietary funds	(31,270)	(31,270)	
Total	548,430	503,059	45,371
Public Buildings:			
Operating expenses	49,000	48,004	996
Professional services	1,000	511	489
Reimbursement - proprietary funds	(9,381)	(9,381)	
Total	40,619	39,134	1,485
Total general government	643,840	591,511	52,329
Public safety:			
Police Department:			
Salaries and employee benefits	430,000	402,650	27,350
Operating expenses	45,950	37,323	8,627
Capital outlay		7,250	(7,250)
Total public safety	475,950	447,223	28,727
Transportation:			
Planning and zoning:			
Operating expenses	7,900	4,542	3,358
Professional services	94,000	95,776	(1,776)
Total	101,900	100,318	1,582
Public Works:			
Salaries and employee benefits	157,900	136,738	21,162
Operating expenses	887,668	23,161	864,507
Reimbursement - proprietary funds	(7,817)	(7,817)	
Total	1,037,751	152,082	885,669

TOWN OF MONTREAT, NORTH CAROLINA

General Fund

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (continued)
For the Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Streets:			
Salaries and employee benefits	\$ 183,260	\$ 159,960	\$ 23,300
Operating expenses	139,887	85,738	54,149
Capital outlay	211,000		211,000
Reimbursement - proprietary funds	<u>(25,798)</u>	<u>(25,798)</u>	
Total	<u>508,349</u>	<u>219,900</u>	<u>288,449</u>
Total transportation	<u>1,648,000</u>	<u>472,300</u>	<u>1,175,700</u>
Environmental protection:			
Sanitation:			
Salaries and employee benefits	88,400	79,918	8,482
Operating expenses	58,446	42,601	15,845
Professional services	71,000	72,008	(1,008)
Capital outlay	<u>51,250</u>	<u>49,335</u>	<u>1,915</u>
Total	<u>269,096</u>	<u>243,862</u>	<u>25,234</u>
Cultural and recreation:			
Recreation Commission:			
Operating expenses	<u>24,050</u>	<u>10,013</u>	<u>14,037</u>
Debt service			
Principal retirement	118,867	108,752	10,115
Interest and fees	<u>22,245</u>	<u>23,933</u>	<u>(1,688)</u>
Total debt services	<u>141,112</u>	<u>132,685</u>	<u>8,427</u>
Total expenditures	<u>3,202,048</u>	<u>1,897,594</u>	<u>1,304,454</u>
Revenues over (under) expenditures	<u>(586,597)</u>	<u>451,910</u>	<u>1,038,507</u>
Other financing sources (uses)			
Insurance proceeds	184,589	197,805	13,216
Installment notes issued	100,000		(100,000)
Transfer (to) from other funds	<u>112,008</u>	<u>74,711</u>	<u>(37,297)</u>
Total other financing sources (uses)	<u>396,597</u>	<u>272,516</u>	<u>(124,081)</u>
Appropriated fund balance	<u>190,000</u>		<u>(190,000)</u>
Net change in fund balance	<u>\$</u>	724,426	<u>\$ 724,426</u>
Fund balance, beginning		<u>2,072,414</u>	
Fund balance, ending		<u>\$ 2,796,840</u>	

TOWN OF MONTREAT, NORTH CAROLINA

Nonmajor Governmental Funds
Combining Balance Sheet
For the Year Ended June 30, 2025

	<u>ARPA</u>	<u>Landcare</u>	<u>Total</u>
Assets			
Cash and cash equivalents	\$ <u>271</u>	\$ <u>121,487</u>	\$ <u>121,758</u>
Liabilities and fund balances			
Liabilities:			
Accounts payable and accrued expenses	\$ _____	\$ _____	\$ _____
Fund balances:			
Committed:			
ARPA	271		271
Culture and recreation	<u>121,487</u>	<u>121,487</u>	<u>121,487</u>
Total fund balances	<u>271</u>	<u>121,487</u>	<u>121,758</u>
Total liabilities and fund balances	\$ <u>271</u>	\$ <u>121,487</u>	\$ <u>121,758</u>

PROOF

TOWN OF MONTREAT, NORTH CAROLINA

Nonmajor Governmental Funds
 Combining Statement of Revenues, Expenditures, and Changes in Fund Balance
 For the Year Ended June 30, 2025

	ARPA	Landcare	Misc Projects	Total
Revenues				
Unrestricted intergovernmental	\$ _____	\$ 24,868	\$ _____	\$ 24,868
Total revenues	_____	24,868	_____	83,615
Expenditures				
General government	15	1,074	_____	1,089
Total expenditures	15	1,074	_____	1,089
Excess (deficiency) of revenues over expenditures	(15)	23,794	_____	23,779
Other financing uses				
Transfers to other funds	_____	_____	(43,711)	(43,711)
Total other financing uses	_____	_____	(43,711)	(43,711)
Net change in fund balances	(15)	23,794	(43,711)	(19,932)
Fund balances				
Beginning of year - July 1	286	97,693	43,711	141,690
End of year - June 30	\$ 271	\$ 121,487	\$ _____	\$ 121,758

TOWN OF MONTREAT, NORTH CAROLINA

Landcare Special Revenue Fund
 Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Restricted intergovernmental	\$ 1,475	\$ 103,906	\$ 24,868	\$ 128,774	\$ 127,299
Expenditures					
Culture and recreation:					
Operating	750	5,468	1,074	6,542	(5,792)
Revenues over (under) expenditures	725	98,438	23,794	122,232	121,507
Other financing sources (uses)					
Transfers (to) from General Fund	(725)	(725)		(725)	
Net change in fund balance	<u>\$</u>	<u>\$ 97,713</u>	23,794	<u>\$ 121,507</u>	<u>\$ 121,507</u>
Fund balance, beginning			<u>97,693</u>		
Fund balance, ending			<u>\$ 121,487</u>		

TOWN OF MONTREAT, NORTH CAROLINA

Miscellaneous Projects Special Revenue Fund
 Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Restricted intergovernmental	\$ 12,290	\$	\$	\$	\$ (12,290)
Expenditures					
Infrastructure:					
Capital outlay	214,747	177,879		177,879	36,868
Revenues over (under) expenditures	(202,457)	(177,879)		(177,879)	24,578
Other financing sources (uses)					
Transfers (to) from General Fund	202,457	221,590	(43,711)	177,879	(24,578)
Net change in fund balance	\$	\$ 43,711	(43,711)	\$	\$
Fund balance, beginning			43,711		
Fund balance, ending			\$		

TOWN OF MONTREAT, NORTH CAROLINA

ARPA Special Revenue Fund
 Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual
 From Inception and for the Fiscal Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues					
Grant proceeds	\$ 138,633	\$ 277,267	\$	\$ 277,267	\$ 138,634
Interest		<u>75</u>		<u>75</u>	<u>75</u>
Total revenues	<u>138,633</u>	<u>277,342</u>		<u>277,342</u>	<u>138,709</u>
Expenditures					
General government:					
Contract services	<u>96,000</u>	<u>128,289</u>	<u>15</u>	<u>128,304</u>	<u>(32,304)</u>
Revenues over (under) expenditures	42,633	149,053	(15)	149,038	106,405
Other financing sources (uses)					
Transfers (to) from General Fund	<u>(42,633)</u>	<u>(148,767)</u>		<u>(148,767)</u>	<u>(106,134)</u>
Net change in fund balance	<u>\$</u>	<u>\$ 286</u>	(15)	<u>\$ 271</u>	<u>\$ 271</u>
Fund balance, beginning			<u>286</u>		
Fund balance, ending			<u>\$ 271</u>		

TOWN OF MONTREAT, 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	\$ 376,050	\$ 344,219	\$ (31,831)
Other	47,444	42,322	(5,122)
Total operating revenues	423,494	386,541	(36,953)
Non-operating revenues:			
Investment earnings	250	377	127
Total revenues	423,744	386,918	(36,826)
Expenditures			
Operating expenditures:			
Salaries and related	116,700	115,944	756
Repairs and maintenance	65,000	72,850	(7,850)
Other operating expenditures	148,644	152,041	(3,397)
Total expenditures	330,344	340,835	(10,491)
Debt services:			
Principal retirement	40,400	40,322	78
Interest and fees	3,000	2,944	56
Total debt services	43,400	43,266	134
Capital improvements	50,000	10,500	39,500
Total expenditures	423,744	394,601	29,143
Revenues under expenditures	\$ _____	(7,683)	\$ (7,683)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Capital outlays		10,500	
Principal retirement		40,322	
Increase in deferred outflows of resources - pensions		4,213	
Decrease in deferred inflows of resources - pensions		1,281	
Increase in net pension liability		(13,184)	
Depreciation		(73,589)	
Total reconciling items		(30,457)	
Change in net position		\$ (38,140)	

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OTHER SCHEDULES

TOWN OF MONTREAT, NORTH CAROLINA

Analysis of Current Tax Levy
Town-Wide Levy
June 30, 2025

	<u>Town-Wide</u>			<u>Total Levy</u>	
	<u>Property Valuation</u>	<u>Rate</u>	<u>Total Levy</u>	<u>Property Excluding Registered Motor Vehicles</u>	<u>Registered Motor Vehicles</u>
Original levy:					
Property taxed at current rate	\$ 301,108,134	0.43%	\$ 1,302,725	\$ 1,274,893	\$ 27,832
Exemptions					
Discoveries					
Total property valuation	<u>\$ 301,108,134</u>				
Net levy			<u>1,302,725</u>	<u>1,274,893</u>	<u>27,832</u>
Uncollected taxes at June 30, 2025			<u>1,009</u>	<u>1,009</u>	
Current year's taxes collected			<u>\$ 1,301,716</u>	<u>\$ 1,273,884</u>	<u>\$ 27,832</u>
Current levy collection percentage			<u>99.92%</u>	<u>99.92%</u>	<u>100.00%</u>

PROOF

STATISTICAL SECTION

TOWN OF MONTREAT, NORTH CAROLINA

Statistical Section

This part of the Town of Montreat’s Annual Comprehensive Financial Report presents detailed and historical information as a context for understanding what the information in the financial statements, notes, and disclosures, and required supplementary information says about the Town’s overall financial health.

<u>Contents</u>	<u>Page</u>
Financial Trends Information	67
These tables contain trend information to help the reader understand how the Town’s financial performance and well-being have changed over time	
Revenue Capacity Information	74
These tables contain information to help the reader assess the Town’s most significant local revenue source, the property tax.	
Debt Capacity Information	78
These tables present information to help the reader assess the affordability of the Town’s current levels of outstanding debt and the Town’s ability to issue additional debt in the future.	
Demographic and Economic Information	81
These tables offer demographic and economic indicators to help the reader understand the environment within which the Town’s financial activities take place.	
Operating Information	83
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.	

Sources: unless otherwise noted, the information in these tables is derived from the financial reports for the relevant year.

TOWN OF MONTREAT, NORTH CAROLINA

Table 1

Net Position by Activity Governmental and Business-Type Functions

	<u>FYE 2025</u>	<u>FYE 2024</u>	<u>FYE 2023</u>	<u>FYE 2022</u>	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>FYE 2019</u>	<u>FYE 2018</u>	<u>FYE 2017</u>	<u>FYE 2016</u>
Governmental Activities										
Net position:										
Net investment in capital assets	\$ 5,061,329	\$ 5,341,985	\$ 5,230,564	\$ 5,341,705	\$ 5,444,896	\$ 5,236,070	\$ 3,933,973	\$ 3,695,360	\$ 3,749,519	\$ 3,707,773
Restricted	675,421	821,379	710,889	249,692	239,171	212,689	405,906	390,961	330,586	294,400
Unrestricted	<u>1,230,117</u>	<u>1,008,496</u>	<u>775,323</u>	<u>851,587</u>	<u>292,731</u>	<u>264,084</u>	<u>1,355,034</u>	<u>1,526,914</u>	<u>1,353,386</u>	<u>1,267,022</u>
Governmental net position as previously reported		7,171,860								
Prior period adjustments		(48,391)								
Subtotal, Governmental net position	<u>6,966,867</u>	<u>7,123,469</u>	<u>6,716,776</u>	<u>6,442,984</u>	<u>5,976,798</u>	<u>5,712,843</u>	<u>5,694,913</u>	<u>5,613,235</u>	<u>5,433,491</u>	<u>5,269,195</u>
Business-Type Activities										
Net position:										
Net investment in capital assets	882,847	1,017,622	1,064,348	1,058,751	1,084,229	1,082,388	1,070,467	1,038,682	1,032,219	1,020,541
Restricted										
Unrestricted	<u>1,019,423</u>	<u>922,788</u>	<u>906,204</u>	<u>906,983</u>	<u>864,772</u>	<u>802,964</u>	<u>825,684</u>	<u>881,868</u>	<u>822,641</u>	<u>754,721</u>
Subtotal, Business-Type net position	<u>1,902,270</u>	<u>1,940,410</u>	<u>1,970,552</u>	<u>1,965,734</u>	<u>1,949,001</u>	<u>1,885,352</u>	<u>1,896,151</u>	<u>1,920,550</u>	<u>1,854,860</u>	<u>1,775,262</u>
Total Primary Government										
Net position:										
Net investment in capital assets	5,944,176	6,359,607	6,294,912	6,400,456	6,529,125	6,318,458	5,004,440	4,734,042	4,781,738	4,728,314
Restricted	675,421	821,379	710,889	249,692	239,171	212,689	405,906	390,961	330,586	294,400
Unrestricted	<u>2,249,540</u>	<u>1,931,284</u>	<u>1,681,527</u>	<u>1,758,570</u>	<u>1,157,503</u>	<u>1,067,048</u>	<u>2,180,718</u>	<u>2,408,782</u>	<u>2,176,027</u>	<u>2,021,743</u>
Net position as previously reported		9,112,270								
Prior period adjustments		(48,391)								
Total net position	<u>\$ 8,869,137</u>	<u>\$ 9,063,879</u>	<u>\$ 8,687,328</u>	<u>\$ 8,408,718</u>	<u>\$ 7,925,799</u>	<u>\$ 7,598,195</u>	<u>\$ 7,591,064</u>	<u>\$ 7,533,785</u>	<u>\$ 7,288,351</u>	<u>\$ 7,044,457</u>

TOWN OF MONTREAT, NORTH CAROLINA

Table 2

Change in Net Position
Governmental Functions

	<u>FYE 2025</u>	<u>FYE 2024</u>	<u>FYE 2023</u>	<u>FYE 2022</u>	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>FYE 2019</u>	<u>FYE 2018</u>	<u>FYE 2017</u>	<u>FYE 2016</u>
Revenues										
Program revenues:										
Charges for services:										
General government	\$ 87,945	\$ 131,114	\$ 99,279	\$ 94,433	\$ 54,549	\$ 92,100	\$ 99,068	\$ 88,002	\$ 89,095	\$ 86,153
Public safety			2,027	3,371	3,371	4,218	3,408	1,673	3,371	3,371
Environmental	<u>114,900</u>	<u>18,778</u>	<u>13,625</u>	<u>14,611</u>	<u>10,507</u>	<u>10,491</u>	<u>7,516</u>	<u>5,109</u>	<u>6,521</u>	<u>14,472</u>
Charges for services	202,845	149,892	114,931	112,415	68,427	106,809	109,992	94,784	98,987	103,996
Operating grants and contributions	442,442	138,933	224,542	195,269	257,147	48,479	262,302	152,413	147,450	164,985
Capital grants and contributions				19	2,705	2,600	79,504	2,787	3,694	155,346
General revenues:										
Taxes:										
Property taxes	1,305,250	1,288,822	1,260,784	1,244,477	1,079,096	1,015,155	1,008,941	1,000,700	974,695	962,972
Sales taxes	593,036	607,815	605,434	544,354	457,847	412,785				
Other taxes and licenses	120,876	114,619	104,795	93,730	93,117	95,091	414,136	406,038	402,651	390,699
Gain (loss) on sale of assets	(21,000)	4,250	9,601		2,111	33,417				
Investment earnings	908	1,436	892	796	487	1,582	4,263	4,395	3,643	1,709
Insurance proceeds	197,805									
Miscellaneous	<u>50,235</u>	<u>7,927</u>	<u>1,585</u>	<u>7,207</u>	<u>3,022</u>	<u>54</u>	<u>2,212</u>	<u>5,453</u>	<u>6,115</u>	<u>2,116</u>
Total revenues	<u>2,892,397</u>	<u>2,313,694</u>	<u>2,322,564</u>	<u>2,198,267</u>	<u>1,963,959</u>	<u>1,715,972</u>	<u>1,881,350</u>	<u>1,666,570</u>	<u>1,637,235</u>	<u>1,781,823</u>
Expenses										
General government	717,895	586,907	591,433	632,590	539,937	563,874	552,607	337,182	604,294	479,543
Public safety	491,249	480,784	458,819	385,378	460,939	491,583	440,675	358,436	439,093	450,926
Transportation	1,580,881	567,277	782,290	520,124	505,964	511,804	549,008	473,469	380,618	362,962
Environmental protection	213,526	175,722	141,091	130,640	134,919	129,150	126,867	117,305	96,173	12,343
Cultural and recreation	21,515	32,071	25,600	34,221	26,657	43,774	17,685	26,265	20,419	116,083
Interest on long-term debt	<u>23,933</u>	<u>24,218</u>	<u>25,280</u>	<u>29,128</u>	<u>31,588</u>	<u>34,037</u>	<u>2,021</u>	<u>3,278</u>	<u>6,221</u>	<u>600</u>
Total expenses	<u>3,048,999</u>	<u>1,866,979</u>	<u>2,024,513</u>	<u>1,732,081</u>	<u>1,700,004</u>	<u>1,774,222</u>	<u>1,688,863</u>	<u>1,315,935</u>	<u>1,546,818</u>	<u>1,422,457</u>
Increase (decrease) in net position before transfers and special items	(156,602)	446,715	298,051	466,186	263,955	(58,250)	192,487	350,635	90,417	359,366
Special item								(170,891)		
Transfers		8,369	(24,259)							
Increase (decrease) in net position	<u>\$ (156,602)</u>	<u>\$ 455,084</u>	<u>\$ 273,792</u>	<u>\$ 466,186</u>	<u>\$ 263,955</u>	<u>\$ (58,250)</u>	<u>\$ 192,487</u>	<u>\$ 179,744</u>	<u>\$ 90,417</u>	<u>\$ 359,366</u>

TOWN OF MONTREAT, NORTH CAROLINA

Table 3

Change in Net Position
Business-Type Functions

	<u>FYE 2025</u>	<u>FYE 2024</u>	<u>FYE 2023</u>	<u>FYE 2022</u>	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>FYE 2019</u>	<u>FYE 2018</u>	<u>FYE 2017</u>	<u>FYE 2016</u>
Revenues										
Program revenues:										
Charges for services:										
Water	\$ 386,541	\$ 414,840	\$ 349,978	\$ 347,544	\$ 340,336	\$ 325,553	\$ 346,654	\$ 333,751	\$ 351,697	\$ 450,882
Capital grants and contributions										
General revenues:										
Investment earnings	377	379	287	45	35	251	321	284	244	152
Miscellaneous								3,602		
Total revenues	<u>386,918</u>	<u>415,219</u>	<u>350,265</u>	<u>347,589</u>	<u>340,371</u>	<u>325,804</u>	<u>346,975</u>	<u>337,637</u>	<u>351,941</u>	<u>451,034</u>
Expenses										
Water	<u>425,058</u>	<u>436,992</u>	<u>369,706</u>	<u>330,856</u>	<u>276,722</u>	<u>336,603</u>	<u>313,067</u>	<u>271,947</u>	<u>272,343</u>	<u>251,345</u>
Total expenses	<u>425,058</u>	<u>436,992</u>	<u>369,706</u>	<u>330,856</u>	<u>276,722</u>	<u>336,603</u>	<u>313,067</u>	<u>271,947</u>	<u>272,343</u>	<u>251,345</u>
Increase (decrease) in net position before transfers	<u>(38,140)</u>	<u>(21,773)</u>	<u>(19,441)</u>	<u>16,733</u>	<u>63,649</u>	<u>(10,799)</u>	<u>33,908</u>	<u>65,690</u>	<u>79,598</u>	<u>199,689</u>
Transfers		<u>(8,369)</u>	<u>24,259</u>							<u>3,075</u>
Increase (decrease) in net position	<u>\$ (38,140)</u>	<u>\$ (30,142)</u>	<u>\$ 4,818</u>	<u>\$ 16,733</u>	<u>\$ 63,649</u>	<u>\$ (10,799)</u>	<u>\$ 33,908</u>	<u>\$ 65,690</u>	<u>\$ 79,598</u>	<u>\$ 202,764</u>

TOWN OF MONTREAT, NORTH CAROLINA

Table 4

Change in Net Position Total Primary Government

	<u>FYE 2025</u>	<u>FYE 2024</u>	<u>FYE 2023</u>	<u>FYE 2022</u>	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>FYE 2019</u>	<u>FYE 2018</u>	<u>FYE 2017</u>	<u>FYE 2016</u>
Revenues										
Program revenues:										
Charges for services:										
General government	\$ 87,945	\$ 131,114	\$ 99,279	\$ 94,433	\$ 54,549	\$ 92,100	\$ 99,068	\$ 88,002	\$ 89,095	\$ 86,153
Public safety			2,027	3,371	3,371	4,218	3,408	1,673	3,371	3,371
Environmental protection	114,900	18,778	13,625	14,611	10,507	10,491	7,516	5,109	6,521	14,472
Water	<u>386,541</u>	<u>414,840</u>	<u>349,978</u>	<u>347,544</u>	<u>340,336</u>	<u>325,553</u>	<u>346,654</u>	<u>333,751</u>	<u>351,697</u>	<u>450,882</u>
Charges for services	589,386	564,732	464,909	459,959	408,763	432,362	456,646	428,535	450,684	554,878
Operating grants and contributions	442,442	138,933	224,542	195,269	257,147	48,479	262,302	152,413	147,450	164,985
Capital grants and contributions				19	2,705	2,600	79,504	2,787	3,694	155,346
General revenues:										
Taxes:										
Property taxes	1,305,250	1,288,822	1,260,784	1,244,477	1,079,096	1,015,155	1,008,941	1,000,700	974,695	962,972
Sales taxes	593,036	607,815	605,434	544,354	457,847	412,785				
Other taxes and licenses	120,876	114,619	104,795	93,730	93,117	95,091	414,136	406,038	402,651	390,699
Gain (loss) on sale of assets	(21,000)	4,250	9,601	1,140	2,111	33,417				
Investment earnings	1,285	1,815	1,179	841	522	1,833	4,584	4,679	3,887	1,861
Insurance proceeds	197,805									
Miscellaneous	<u>50,235</u>	<u>7,927</u>	<u>1,585</u>	<u>6,067</u>	<u>3,022</u>	<u>54</u>	<u>2,212</u>	<u>9,055</u>	<u>6,115</u>	<u>2,116</u>
Total revenues	<u>3,279,315</u>	<u>2,728,913</u>	<u>2,672,829</u>	<u>2,545,856</u>	<u>2,304,330</u>	<u>2,041,776</u>	<u>2,228,325</u>	<u>2,004,207</u>	<u>1,989,176</u>	<u>2,232,857</u>
Expenses										
General government	717,895	586,907	591,433	632,590	539,937	563,874	552,607	337,182	604,294	479,543
Public safety	491,249	480,784	458,819	385,378	460,939	491,583	440,675	358,436	439,093	450,926
Transportation	1,580,881	567,277	782,290	520,124	505,964	511,804	549,008	473,469	380,618	362,962
Environmental protection	213,526	175,722	141,091	130,640	134,919	129,150	126,867	117,305	96,173	12,343
Cultural and recreation	21,515	32,071	25,600	34,221	26,657	43,774	17,685	26,265	20,419	116,083
Interest on long-term debt	23,933	24,218	25,280	29,128	31,588	34,037	2,021	3,278	6,221	600
Water	<u>425,058</u>	<u>436,992</u>	<u>369,706</u>	<u>330,856</u>	<u>276,722</u>	<u>336,603</u>	<u>313,067</u>	<u>271,947</u>	<u>272,343</u>	<u>251,345</u>
Total expenses	<u>3,474,057</u>	<u>2,303,971</u>	<u>2,394,220</u>	<u>2,062,937</u>	<u>1,976,726</u>	<u>2,110,825</u>	<u>2,001,930</u>	<u>1,587,882</u>	<u>1,819,161</u>	<u>1,673,802</u>
Increase (decrease) in net position before transfers and special items	(194,742)	424,942	278,610	482,919	327,604	(69,049)	226,395	416,325	170,015	559,055
Special item								(170,891)		
Transfers										3,075
Increase (decrease) in net position	<u>\$ (194,742)</u>	<u>\$ 424,942</u>	<u>\$ 278,610</u>	<u>\$ 482,919</u>	<u>\$ 327,604</u>	<u>\$ (69,049)</u>	<u>\$ 226,395</u>	<u>\$ 245,434</u>	<u>\$ 170,015</u>	<u>\$ 562,130</u>

TOWN OF MONTREAT, NORTH CAROLINA

Table 5

Fund Balances / Net Position
All Funds

	<u>FYE 2025</u>	<u>FYE 2024</u>	<u>FYE 2023</u>	<u>FYE 2022</u>	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>FYE 2019</u>	<u>FYE 2018</u>	<u>FYE 2017</u>	<u>FYE 2016</u>
Governmental Activities										
Nonspendable	\$	\$	\$	\$	\$	\$	\$ 7,098	\$ 2,688	\$ 10,767	\$ 15,394
Restricted	675,421	821,665	784,016	249,692	239,171	212,689	1,400,012	390,961	330,586	294,400
Committed	141,602	161,519	202,178	214,498	170,349	83,400	299,712	389,655	34,983	34,932
Assigned						135,308		32,876	182,297	177,192
Unassigned	<u>1,656,334</u>	<u>1,230,920</u>	<u>947,104</u>	<u>977,732</u>	<u>465,950</u>	<u>327,068</u>	<u>1,319,196</u>	<u>1,292,561</u>	<u>1,364,487</u>	<u>1,309,516</u>
Total governmental funds fund balances	2,473,357	2,214,104	1,933,298	1,441,922	875,470	758,465	3,026,018	2,108,741	1,923,120	1,831,434
Reconcile to net position	<u>4,493,510</u>	<u>4,957,756</u>	<u>4,783,478</u>	<u>5,001,062</u>	<u>5,101,328</u>	<u>4,954,378</u>	<u>2,668,895</u>	<u>3,504,494</u>	<u>3,510,371</u>	<u>3,437,761</u>
Governmental net position as previously reported		7,171,860								
Prior period adjustment		(48,391)								
Governmental net position	<u>\$ 6,966,867</u>	<u>\$ 7,123,469</u>	<u>\$ 6,716,776</u>	<u>\$ 6,442,984</u>	<u>\$ 5,976,798</u>	<u>\$ 5,712,843</u>	<u>\$ 5,694,913</u>	<u>\$ 5,613,235</u>	<u>\$ 5,433,491</u>	<u>\$ 5,269,195</u>
Business-Type Activities										
Unrestricted	<u>\$ 1,019,423</u>	<u>\$ 922,788</u>	<u>\$ 906,204</u>	<u>\$ 906,983</u>	<u>\$ 864,772</u>	<u>\$ 802,964</u>	<u>\$ 825,684</u>	<u>\$ 881,868</u>	<u>\$ 822,641</u>	<u>\$ 754,721</u>
Total water fund balance	1,019,423	922,788	906,204	906,983	864,772	802,964	825,684	881,868	822,641	754,721
Net investment in capital assets	<u>882,847</u>	<u>1,017,622</u>	<u>1,064,348</u>	<u>1,058,751</u>	<u>1,084,229</u>	<u>1,082,388</u>	<u>1,070,467</u>	<u>1,038,682</u>	<u>1,032,219</u>	<u>1,020,541</u>
Business-type net position	<u>\$ 1,902,270</u>	<u>\$ 1,940,410</u>	<u>\$ 1,970,552</u>	<u>\$ 1,965,734</u>	<u>\$ 1,949,001</u>	<u>\$ 1,885,352</u>	<u>\$ 1,896,151</u>	<u>\$ 1,920,550</u>	<u>\$ 1,854,860</u>	<u>\$ 1,775,262</u>

TOWN OF MONTREAT, NORTH CAROLINA

Table 6

Changes in Fund Balance General Fund

	<u>FYE 2025</u>	<u>FYE 2024</u>	<u>FYE 2023</u>	<u>FYE 2022</u>	<u>FYE 2021</u>	<u>FYE 2020</u>	<u>FYE 2019</u>	<u>FYE 2018</u>	<u>FYE 2017</u>	<u>FYE 2016</u>
Revenues										
Ad valorem taxes	\$ 1,305,754	\$ 1,288,131	\$ 1,260,258	\$ 1,245,291	\$ 1,079,524	\$ 1,013,719	\$ 1,008,840	\$ 1,000,700	\$ 974,703	\$ 966,124
Other taxes and licenses	593,036	607,815	605,434	544,354	457,847	412,785	414,136	406,038	402,651	390,699
Unrestricted intergovernmental revenues	120,876	114,619	104,795	93,730	93,117	95,091	99,793	93,385	94,995	98,336
Restricted intergovernmental revenues	58,411	53,543	67,254	50,463	242,986	42,053	41,699	46,875	47,438	205,259
Permits and fees	202,845	149,892	114,931	112,415	68,427	106,809	99,068	88,002	89,095	86,153
Sales and services							127,908	18,935	14,909	29,879
Investment earnings	908	1,411	860	778	486	1,550	4,257	4,395	3,643	1,709
Miscellaneous	<u>67,674</u>	<u>9,727</u>	<u>3,080</u>	<u>8,842</u>	<u>14,081</u>	<u>2,700</u>	<u>5,141</u>	<u>8,240</u>	<u>9,809</u>	<u>6,816</u>
Total revenues	<u>2,349,504</u>	<u>2,225,138</u>	<u>2,156,612</u>	<u>2,055,873</u>	<u>1,956,468</u>	<u>1,674,707</u>	<u>1,800,842</u>	<u>1,666,570</u>	<u>1,637,243</u>	<u>1,784,975</u>
Expenditures										
General government	591,511	545,058	482,019	530,407	517,869	553,453	451,845	363,348	409,101	479,832
Public safety	447,223	494,700	419,256	379,016	432,316	454,198	428,067	397,494	449,767	434,507
Transportation	472,300	476,504	634,015	404,223	374,265	774,971	658,186	389,954	486,518	576,811
Environmental protection	243,862	199,535	136,698	119,119	119,678	112,602	109,040	104,362	158,977	103,308
Cultural and recreation	10,013	20,569	14,098	22,684	14,584	31,701	2,633	13,490	7,644	10,945
Debt service:										
Principal	108,752	82,867	82,867	16,200	16,200	16,200	23,061	29,677	29,308	6,429
Interest	<u>23,933</u>	<u>24,218</u>	<u>25,280</u>	<u>1,741</u>	<u>2,095</u>	<u>2,437</u>	<u>517</u>	<u>3,505</u>	<u>4,242</u>	<u>600</u>
Total expenditures	<u>1,897,594</u>	<u>1,843,451</u>	<u>1,794,233</u>	<u>1,473,390</u>	<u>1,477,007</u>	<u>1,945,562</u>	<u>1,673,349</u>	<u>1,301,830</u>	<u>1,545,557</u>	<u>1,612,432</u>
Other financing sources										
Transfers (to) from										
Capital Funds	43,711	8,369	142,723	145,454	(451,516)	(970,887)	(138,038)	(525,000)		
Hurricane Helene Fund	31,000									
Sale of capital assets		4,250	9,601		2,111	145,917				
Insurance proceeds	197,805									
Debt/installment purchase obligations issued										201,875
Total other financing sources (uses)	<u>272,516</u>	<u>12,619</u>	<u>152,324</u>	<u>145,454</u>	<u>(449,405)</u>	<u>(824,970)</u>	<u>(138,038)</u>	<u>(525,000)</u>		<u>201,875</u>
Net change in fund balance	724,426	394,306	514,703	438,169	30,056	(1,095,825)	(10,545)	(160,260)	91,686	374,418
Prior period adjustment					38,690					
Fund balance, beginning	<u>2,072,414</u>	<u>1,678,108</u>	<u>1,163,405</u>	<u>725,236</u>	<u>695,180</u>	<u>1,752,315</u>	<u>1,762,860</u>	<u>1,923,120</u>	<u>1,831,434</u>	<u>1,457,016</u>
Fund balance, ending	<u>\$ 2,796,840</u>	<u>\$ 2,072,414</u>	<u>\$ 1,678,108</u>	<u>\$ 1,163,405</u>	<u>\$ 725,236</u>	<u>\$ 695,180</u>	<u>\$ 1,752,315</u>	<u>\$ 1,762,860</u>	<u>\$ 1,923,120</u>	<u>\$ 1,831,434</u>

TOWN OF MONTREAT, NORTH CAROLINA

Table 7

General Governmental Expenditure by Function
(GAAP basis, Table 2)

<u>Fiscal Year Ended June 30</u>	<u>General Government</u>	<u>Public Safety</u>	<u>Transportation</u>	<u>Environmental Protection</u>	<u>Cultural and Recreation</u>	<u>Interest on Long-term Debt</u>	<u>Total</u>
2025	\$ 717,895	\$ 491,249	\$ 1,580,881	\$ 213,526	\$ 21,515	\$ 23,933	\$ 3,048,999
2024	586,907	\$ 480,784	\$ 567,277	\$ 175,722	\$ 32,071	\$ 24,218	\$ 1,866,979
2023	591,433	458,819	782,290	141,092	25,600	25,280	2,024,514
2022	632,590	385,378	520,124	130,640	34,221	29,128	1,732,081
2021	539,937	460,939	505,964	134,919	26,657	31,588	1,700,004
2020	563,874	491,583	511,804	129,150	43,774	34,037	1,774,222
2019	552,607	440,675	549,008	126,867	17,685	2,021	1,688,863
2018	337,182	358,436	473,469	117,305	26,265	3,278	1,315,935
2017	604,294	439,093	380,618	96,173	20,419	6,221	1,546,818
2016	479,543	450,926	362,962	12,343	116,083	600	1,422,457
2015	551,016	415,119	107,255	1,587	109,206		1,184,183
2014	347,272	418,288	214,513	162,683	60,993		1,203,749
2013	403,785	417,698	137,836	203,889	102,532		1,265,740

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Table 8

General Governmental Revenue by Source
(GAAP basis, Table 2)

<u>Fiscal Year Ended June 30</u>	<u>Ad Valorem Taxes</u>	<u>Other Taxes and Licenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Investment Earnings</u>	<u>Miscellaneous</u>	<u>Total</u>
2025	\$ 1,305,250	\$ 713,912	\$ 202,845	\$ 442,442	\$	\$ 908	\$ 227,040	\$ 2,892,397
2024	1,288,822	722,434	149,892	138,933		1,436	12,177	2,313,694
2023	1,260,784	710,229	114,931	224,542		892	11,186	2,322,564
2022	1,244,477	638,084	112,415	195,269	19	796	7,207	2,198,267
2021	1,079,096	550,964	68,427	257,147	2,705	487	5,133	1,963,959
2020	1,015,155	507,879	106,806	48,479	2,600	1,582	33,471	1,715,972
2019	1,008,941	414,136	109,992	262,302	79,504	4,263	2,212	1,881,350
2018	1,000,700	406,038	94,784	152,413	2,787	4,395	5,453	1,666,570
2017	974,695	402,651	98,987	147,450	3,694	3,643	6,115	1,637,235
2016	962,972	390,699	103,996	164,985	155,346	1,709	2,116	1,781,823
2015	968,042	356,952	83,021	135,379	36,977	1,073	10,362	1,591,806
2014	970,716	332,403	106,488	108,380	360,088	1,629	194	1,879,898

TOWN OF MONTREAT, NORTH CAROLINA

Table 9

Property Tax Levies and Collections
General Fund

<u>Fiscal Year Ended June 30</u>	<u>Total Tax Levy</u>	<u>Current Tax Collections</u>	<u>Percent of Levy Collected</u>	<u>Delinquent Collections, Credits and Write-offs</u>	<u>Total Tax Collections</u>	<u>Ratio of Total Tax Collections to Tax Levy</u>	<u>Total Direct Tax Rate</u>
2025	\$ 1,302,725	\$ 1,301,716	99.92%	\$ 1,113	\$ 1,302,829	99.92%	0.43
2024	1,287,653	1,286,140	99.88%	280	1,286,420	99.90%	0.43
2023	1,260,784	1,259,962	99.93%	192	1,260,154	99.95%	0.43
2022	1,242,087	1,241,622	99.96%	1,244	1,242,866	100.01%	0.43
2021	1,078,912	1,077,082	99.90%	2,258	1,079,340	100.04%	0.43
2020	1,014,714	1,013,278	99.86%		1,013,278	99.86%	0.41
2019	1,037,530	1,037,428	99.99%	1	1,037,429	100.00%	0.41
2018	1,036,520	1,036,520	100.00%		1,036,520	100.00%	0.41
2017	1,007,190	1,007,190	100.00%		1,007,190	100.00%	0.41
2016	961,948	961,941	100.00%	3,159	965,100	100.33%	0.41
2015	963,203	961,143	99.79%	2,703	963,846	100.07%	0.41
2014	972,675	969,735	99.70%	6,083	975,818	100.32%	0.41

Note: Ratio of Total Collections to Levy sometimes exceeds 100% due to receipt of delinquent prior year taxes.

TOWN OF MONTREAT, NORTH CAROLINA

Table 10

Assessed Value of Taxable Property

<u>Fiscal Year Ended June 30</u>	<u>TR-2 Calendar Tax Year</u>	<u>Real Property</u>	<u>Personal Property</u>	<u>Public Service Company Property</u>	<u>Total Assessed Value</u>
2025	2024	\$ **	\$ **	\$ **	\$ 301,108,134
2024	2023	**	**	**	299,273,707
2023	2022	**	**	**	293,165,886
2022	2021	**	**	**	283,152,235
2021	2020	242,828,141	566,967	1,464,981	244,860,089
2020	2019	245,114,091	593,736	1,682,253	247,390,080
2019	2018	251,082,413	700,741	1,272,944	253,056,098
2018	2017	250,837,992	700,059	1,271,705	252,809,756
2017	2016	243,527,907	815,827	1,312,364	245,656,098
2016	2015	232,735,307	877,970	1,008,186	234,621,463
2015	2014	230,269,600	1,289,222	939,831	232,498,653
2014	2013	230,421,550	1,082,225	932,493	232,436,268

** Breakdown unavailable as of date of report

TOWN OF MONTREAT, NORTH CAROLINA

Table 11

Property Tax Rates - Town of Montreat and Overlapping Jurisdictions
(Per \$100.00 of Assessed Value)

<u>Fiscal Year Ended June 30</u>	<u>Town of Montreat</u>	<u>East Buncombe Fire District</u>	<u>Buncombe County</u>	<u>Total Tax Rate</u>
2025	0.4300	0.1069	0.5466	1.0835
2024	0.4300	0.1200	0.5290	1.0790
2023	0.4300	0.1200	0.5290	1.0790
2022	0.4300	0.1200	0.5290	1.0790
2021	0.4300	0.1200	0.5290	1.0790
2020	0.4100	0.1200	0.5290	1.0590
2019	0.4100	0.1200	0.5290	1.0590
2018	0.4100	0.1200	0.5290	1.0590
2017	0.4100	0.0990	0.6040	1.1130
2016	0.4100	0.0990	0.6040	1.1130
2015	0.4100	0.0990	0.6040	1.1130

Source: Buncombe County Tax Department

TOWN OF MONTREAT, NORTH CAROLINA

Table 12

Ratio of Net General Obligation Bonded Debt to Assessed Value and
Net General Obligation Bonded Debt per Capita

<u>Fiscal Year Ended June 30</u>	<u>Assessed Value</u>	<u>General Obligation Bonded Debt</u>	<u>Ratio of Net General Obligation Bonded Debt to Assessed Value</u>	<u>Population</u>	<u>Net General Obligation Bonded Debt per Capita</u>
2025	\$ 301,108,134	\$ -	0.00%	934	0.00%
2024	299,273,707	-	0.00%	938	0.00%
2023	293,165,886	-	0.00%	865	0.00%
2022	283,152,235	-	0.00%	867	0.00%
2021	244,860,089	-	0.00%	868	0.00%
2020	247,390,080	-	0.00%	870	0.00%
2019	253,056,098	-	0.00%	903	0.00%
2018	252,809,756	-	0.00%	868	0.00%
2017	245,656,098	-	0.00%	798	0.00%
2016	234,621,463	-	0.00%	792	0.00%
2015	232,498,653	-	0.00%	728	0.00%
2014	232,436,268	-	0.00%	704	0.00%

TOWN OF MONTREAT, NORTH CAROLINA

Table 13

Computation of Legal Debt Margin
June 30, 2025

Assessed value of taxable property	\$ 301,108,134
Multiplied by 8% of assessed value	<u>0.08</u>
Debt limit	24,088,651
Gross debt:	
Installment purchases	1,103,552
Less: Water Fund debts	<u>(292,523)</u>
Total amount of debt applicable to debt limit	<u>811,029</u>
Legal debt margin	<u>\$ 23,277,622</u>

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TOWN OF MONTREAT, NORTH CAROLINA

Table 14

Ratio of Annual Debt Service Expenditures for General Obligation Bonded Debt
to Total General Governmental Expenditures

Fiscal Year Ended June 30	Principal		Interest		Total Debt Service	Total General Governmental Expenditures	Ratio of Debt Service to Total General Governmental Expenditures
	\$	-	\$	-			
2025	\$	-	\$	-	\$	3,048,999	0.00%
2024	-	-	-	-	-	1,866,979	0.00%
2023	-	-	-	-	-	2,024,514	0.00%
2022	-	-	-	-	-	1,551,855	0.00%
2021	-	-	-	-	-	1,700,004	0.00%
2020	-	-	-	-	-	1,774,222	0.00%
2019	-	-	-	-	-	1,688,863	0.00%
2018	-	-	-	-	-	1,315,935	0.00%
2017	-	-	-	-	-	1,546,818	0.00%
2016	-	-	-	-	-	1,422,457	0.00%
2015	-	-	-	-	-	1,184,183	0.00%

Note: The Town of Montreat has no General Obligation Bonded Debt at present.

TOWN OF MONTREAT, NORTH CAROLINA

Table 15

Demographic Statistics

<u>Fiscal Year Ended June 30</u>	<u>Population</u>	<u>Per Capita Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate % (June)*</u>
2025	934	\$ 25,319	20.1	N/A	4.5
2024	938	\$ 23,578	20.5	N/A	3.3
2023	865	\$ 33,396	20.2	N/A	2.8
2022	867	N/A	N/A	18	2.9
2021	868	N/A	N/A	18	4.9
2020	870	N/A	N/A	18	8.0
2019	903	N/A	N/A	18	3.2
2018	868	N/A	N/A	18	3.5
2017	798	N/A	N/A	6	3.9
2016	792	N/A	N/A	6	4.1
2015	728	N/A	N/A	6	5.0

N/A = Data not available

* Unemployment rate data is for all of Buncombe County, Montreat-only data is not available.

Source: NC Office of State Budget and Management, State Data Center, Buncombe County Schools, Employment Security Commission.

TOWN OF MONTREAT, NORTH CAROLINA

Table 16

Ten Largest Tax Payers
June 30, 2025

Taxpayer	Classification	Assessed Valuation	Percentage of Total Assessed Valuation
<u>2025</u>			
MOUNTAIN RETREAT ASSOCIATION	Institutional	\$ 2,208,424	0.73%
CLARK, JACQUELINE F	Residential	1,596,265	0.53%
BENNETT, GEORGE ROBERT	Residential	1,504,425	0.50%
SHORTIDGE, KENNETH W JR	Residential	1,228,900	0.41%
SCHEU, WILLIAM E REVOCABLE TRUST	Residential	1,178,900	0.39%
GREGORY, H SCOTT	Residential	1,168,000	0.39%
BES-LU LLC	Residential	1,136,400	0.38%
MCCASKILL, WM C	Residential	1,117,530	0.37%
YOUNG, MATTHEW DONALD	Residential	1,112,300	0.37%
EVANS, E CRAIG	Residential	1,109,400	0.37%
<u>2024</u>			
MOUNTAIN RETREAT ASSOCIATION	Institutional	\$ 2,208,424	0.75%
CLARK, JACQUELINE F	Residential	1,596,265	0.54%
BENNETT, GEORGE ROBERT	Residential	1,504,425	0.51%
SHORTIDGE, KENNETH W JR	Residential	1,228,900	0.42%
SCHEU, WILLIAM E REVOCABLE TRUST	Residential	1,178,900	0.40%
GREGORY, H SCOTT	Residential	1,168,000	0.40%
BES-LU LLC	Residential	1,136,400	0.39%
MCCASKILL, WM C	Residential	1,117,530	0.38%
YOUNG, MATTHEW DONALD	Residential	1,112,300	0.38%
EVANS, E CRAIG	Residential	1,109,400	0.38%
<u>2023</u>			
MOUNTAIN RETREAT ASSOCIATION	Institutional	\$ 2,208,424	0.76%
BENNETT, GEORGE ROBERT	Residential	1,485,800	0.51%
CLARK, JACQUELINE F	Residential	1,403,700	0.48%
SHORTIDGE, KENNETH W JR	Residential	1,217,400	0.42%
SCHEU, WILLIAM E REVOCABLE TRUST	Residential	1,178,900	0.41%
GREGORY, H SCOTT	Residential	1,168,000	0.40%
BES-LU LLC	Residential	1,136,400	0.39%
MCCASKILL, WM C	Residential	1,121,030	0.39%
YOUNG, MATTHEW DONALD	Residential	1,112,300	0.38%
EVANS, CRAIG	Residential	1,109,400	0.38%

Note: Comparative data from ten years ago is not available.

Source: Buncombe County Tax Department.

TOWN OF MONTREAT, NORTH CAROLINA

Table 17

Largest Employers
June 30, 2025

Montreat is a predominately residential community. There are only two major employers, the Town of Montreat, and a few smaller organizations. The following is the data that is available:

<u>Year</u>	<u>Montreat College</u>	<u>Montreat Conference Center</u>	<u>Town of Montreat</u>	<u>Total</u>
2025	469	59	14	542
2024	512	59	14	585
2023	200	59	14	273
2022	138	62	13	213
2021	200	59	13	272
2020	131	50	15	196
2019	129	67	13	209
2018	128	60	13	201
2017	127	60	14	201
2016	125	60	14	199
2015	127	60	13	200

Source: Montreat College, Montreat Conference Center.

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TOWN OF MONTREAT, NORTH CAROLINA

Table 18

Miscellaneous Statistics June 30, 2025

Date of establishment	1967
Form of Government	Council-Manager
Employees:	
Full-time permanent	11
Vacancies	2
Other (police reserve)	5
Area	2.78 sq. miles
<u>Town Facilities and Services:</u>	
Miles of streets	15.6
Number of street lights	0
Police Protection:	
Chief	1
Part-time captain	1
Number of full-time officers	2
Number of reserve officers	5
Inspections:	
Building permits issued	138
Water Service:	
Number of customers	691
Average daily consumption	70,921 gal
Miles of water mains	18
Number of wells	11
<u>Facilities and Services Provided by Other Entities:</u>	
Fire Protection:	
Provided by Black Mountain/East Buncombe Fire District	
Education:	
Public K-12 school system operated by Buncombe County Schools	
Cultural and Recreational:	
All recreational facilities owned and operated by Montreat Conference Center	
Sewers:	
Sanitary sewer system operated by the Municipal Sewer District of Buncombe County	

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COMPLIANCE SECTION

INDEPENDENT AUDITORS' 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 Board of Commissioners
Town of Montreat, North Carolina

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Montreat, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Town of Montreat, North Carolina's basic financial statements, and have issued our report thereon dated December 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Montreat's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town of Montreat's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Montreat'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. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses.

To the Honorable Mayor
and Members of the Board of Commissioners
Town of Montreat, North Carolina

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Montreat's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as Findings 2025-001, 2025-002, and 2025-003.

Town of Montreat's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Montreat's response to the findings identified in our audit and described in the accompanying schedule of findings and responses as Findings 2025-001, 2025-002, and 2025-003. The Town's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

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

CARTER, P.C.

Asheville, North Carolina
December 19, 2025

TOWN OF MONTREAT, NORTH CAROLINA

Schedule of Findings and Responses For the Year Ended June 30, 2025

Finding 2025-001 – Lack of preaudit certificate

NONCOMPLIANCE

Criteria: N.C. General Statute 159-28(d) requires that a check or disbursement contains a pre-audit certificate state that the disbursement has been approved as required by the Local Government Budget and Fiscal Control Act and contain the signature of the Finance Officer.

Condition: Sixteen of the sixteen transactions tested did not contain the proper certification.

Effect: The Town was out of compliance with the pre-audit requirement.

Cause: The disbursements in question are made in the form of manual check. The invoice pre-audit certification was being completed by the Town Clerk and the checks were signed by the Town Manager or Public Works Director and the Mayor, none of whom were approved to act as Deputy Finance Officer by the Board of Commissioners.

Recommendation: Management should monitor these transactions to ensure that each disbursement contains the proper pre-audit certification by the Finance Officer or the Board of Commissioners should approve the Town Clerk or Town Manager to act as Deputy Finance Officer.

Views of Responsible Officials and Planned Corrective Actions: Town officials agree with this finding and will implement a process to ensure that all manual transactions are properly preaudited. This process is effective immediately.

Finding 2025-002 – Fidelity Bond

NONCOMPLIANCE

Criteria: NC G.S. 159-29 requires the Finance Officer be bonded for the greater of \$50,000 or an amount equal to ten percent of the unit's annually budgeted funds, up to \$1,000,000.

Condition: The Finance Officer was not adequately bonded during the year ended June 30, 2025.

Effect: The Town was out of compliance with the bonding requirement.

Cause: This was an oversight related to staff transitions.

Recommendation: Management should review bonding requirements at least annually and update as needed.

Views of Responsible Officials and Planned Corrective Actions: Town officials agree with this finding and will secure the proper bond.

TOWN OF MONTREAT, NORTH CAROLINA

Schedule of Findings and Responses (continued)
For the Year Ended June 30, 2025

Finding 2025-003 – Contractor work authorization

NONCOMPLIANCE

Criteria: NC G.S. 143-133.3 requires contracts with contractors and subcontractors to contain a provision requiring verification of employee work authorization under Article 2 of Chapter 64, which uses the federal E-verify system.

Condition: Employee work authorizations were unable to be verified for eleven of the sixteen transactions tested.

Effect: The Town was out of compliance with the work authorization verification requirement.

Cause: The Town was either not requiring contractors to verify employee work authorization or was not maintaining proper documentation of this verification.

Recommendation: Management should require all contractors and subcontractors to verify employee work authorizations and maintain proper documentation of this verification.

Views of Responsible Officials and Planned Corrective Actions: Town officials agree with this finding and will implement a process to ensure that work authorization is verified.

TOWN OF MONTREAT, NORTH CAROLINA

Summary of prior year audit findings

An audit in accordance with *Government Auditing Standards* was not required for the fiscal year ended June 30, 2024.

No findings were reported for the fiscal year ended June 30, 2023.

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