

PROPOSED AGENDA

Meeting of the Town of Biltmore Forest Board of Commissioners

To be held Tuesday, January 13, 2026 at 4:30 p.m.

A. Pledge of Allegiance

B. Roll Call

Mayor George F. Goosmann, III
Commissioner Doris P. Loomis
Commissioner Drew Stephens
Commissioner Allan Tarleton

C. Consent Agenda

1. Approval of Agenda
2. Approval of December 9, 2025 Minutes

D. Public Comment

E. Departmental Reports

1. Chief of Skyland Fire and Rescue
2. Chief of Police Chris Beddingfield
3. Public Works Director Harry Buckner
4. Town Planner Tony Williams
5. Town Manager Jonathan Kanipe

F. Board Member Reports

G. Presentations

1. Mr. Tyler Van Hook – Duke Energy TUG Engagement Manager
Duke Energy Update on Targeted Underground Project
2. Ms. Fran Noel – Carter, PC
Presentation of FY25 Financial Statements and Findings

H. New Business

1. Consideration of Public Comment Policy and Board Meeting Rules of Decorum
2. Consideration of Formal Creation for the Town of Biltmore Forest Tree Committee
3. Consideration of Town Flag Design

I. Adjourn

MINUTES OF THE MEETING OF THE MAYOR AND THE TOWN COMMISSIONERS
OF BILTMORE FOREST HELD DECEMBER 9, 2025

Be it remembered by those that follow these proceedings that the Governing Board of the Town of Biltmore Forest met and conducted the following business:

Roll call taken by the Clerk:

Mayor George F. Goosmann, III, present
Commissioner Doris P. Loomis, present
Commissioner Allan Tarleton, present
Commissioner Drew Stephens, present

Mr. Jonathan Kanipe, the Town Manager, was present. The Town Attorney, Billy Clarke, was also present.

Mayor Goosmann called the meeting to order at 4:30 pm.

The Pledge of Allegiance was conducted.

CONSENT AGENDA

Commissioner Loomis made a motion to approve the consent agenda and the minutes from October 14th, 2025. Commissioner Stephens seconded the motion and was unanimously approved.

PUBLIC COMMENT

Walker Kehner at 14 White Oak Road, addressed the Board regarding the town's leash ordinance. He explained that he was recently cited for having his dog off-leash and accepted responsibility. However, he inquired about the possibility of amending the Town Ordinance to allow for certified trained dogs to be walked off-leash. Mr. Kehner mentioned that his dog was trained by a local trainer and suggested the possibility of carrying certification while walking dogs off-leash.

Town Manager Mr. Kanipe explained that Ordinance Amendments are handled by the Board of Commissioners. He outlined two options: either Mr. Kehner could submit a draft Ordinance for consideration, or the Board could direct staff to research the issue further. Mr. Kanipe suggested that any potential amendment would need input from staff, the police department, and external resources before being presented back to the Board for a decision. He advised Mr. Kehner that he could email his suggestions, and the Board could consider directing staff to look into the matter at the next meeting.

DEPARTMENTAL REPORTS

Deputy Chief Zach Cicillian gave the report for the Skyland Fire Department. He noted that November 2025 was a relatively slow month with 22 total calls. However, he noted the recent fire at the golf cart storage facility at the Country Club, which likely resulted from lithium-ion batteries.

He used this incident as an opportunity to provide safety information about lithium-ion batteries, which are commonly found in micromobility devices, power tools, and other equipment. He advised using only manufacturer-approved chargers with UL stamps, not storing batteries near points of egress, charging batteries outside and monitoring them when possible, not charging batteries overnight, and being mindful of proper storage and maintenance.

Deputy Chief Cicillian also announced that Santa Claus would be making his Christmas Eve tour of Biltmore Forest and the Ramble, with details to come.

Chief Chris Beddingfield gave the report for the Police Department and reported that November saw a decrease in calls for service (716) compared to the previous month (851). He mentioned successful community events including National Night Out and Halloween festivities, which received positive feedback from residents.

Chief Beddingfield noted that the department was currently participating in "No Shave November," with officers donating to charity for the privilege of growing beards. This year's

donations went toward burial expenses for two police department employees father.

Chief Beddingfield recognized 12-year-old Christian Weilbaeher for his exceptional response during a medical emergency when his mother became semi-conscious. Christian called 911, provided a detailed description of the situation, directed emergency responders upon arrival, and assisted by moving furniture. Chief Beddingfield presented Christian with a lifesaving certificate, a lifesaving lapel pin, and a challenge coin from the police department in recognition of his actions.

Mr. Harry Buckner gave the report for the Public Works Department. Mr. Buckner discussed leaf collection. The department had a productive leaf season and is currently caught up with collection. Both the north and south routes were completed in one day each this week. From now until January 15, crews will check routes daily but may not be seen as regularly, to conserve mileage on equipment until more leaves accumulate.

Next, Mr. Buckner discussed the AT&T fiber installation and said AT&T will begin installing underground fiber next week, starting on Forest Road, high numbers of Vanderbilt, and Park Road areas, working toward Town Hall. The first phase will begin at the condominium association property, which houses one of their main switchgear points. Multiple crews will be in Town, and the work is expected to be intensive. The Town will use the Code Red system to notify residents on a street-by-street basis. AT&T will use a pneumatic "mole" device that pulls conduit underground but requires digging pits approximately every 25 feet.

Mr. Buckner addressed the Ridgefield Cul-de-sac project. Mr. Buckner reported that discussions are ongoing with a property owner regarding potential acquisition of land for a cul-de-sac. The property owner is still considering what might be acceptable to them. A more significant update is anticipated for the January Board meeting.

Mr. Jonathan Kanipe gave the report for the Town and provided several updates. The North Carolina Office of State Budget and Management (OSBM) Grant Applications: The Town submitted two grant applications - \$2.5 million for the Police Department construction project and \$235,000 for a new knuckle boom truck.

FEMA Reimbursement: The Town is awaiting \$4,652,595.44 in reimbursement funds. The total reimbursement for debris removal will be just over \$10.6 million. Final invoices from the debris

contractor totaling approximately \$500,000 will be paid this week.

Helene Cash Flow Loan: The Town accepted three loans totaling approximately \$2,020,000. The state legislature recently amended the statute to allow more flexibility in repayment, potentially allowing payments to start in 2030 rather than requiring 10% next fiscal year.

Code Red System: The system was offline for about two weeks due to a cyber-attack. While no identifying user information was breached, passwords were compromised. The Town has reviewed the new software system's security provisions and is working to implement it within the next week.

Planning Commission: The November meeting addressed several key items: The Town's existing lighting ordinance, considering amendments related to changes from Hurricane Helene, Zoning issues with large non-residential parcels that don't have easily definable yards, and separating the Town's noise ordinance from the construction ordinance

Commissioner Stephens suggested the Planning Commission consider allowing property owners to place fences on shared property lines in backyards (particularly in R-2 zoning) when both parties agree, rather than requiring the 15-foot setback from each property line, which creates a difficult-to-maintain 30-foot gap.

Mr. Eric Cregger who is a tax assessor from Buncombe County presented information about the upcoming county-wide property reappraisal, which was delayed from 2025 to 2026 due to Hurricane Helene. Mr. Cregger explained that the County must reappraise properties to their fair market value every 8 years at minimum, though Buncombe County opts for a 4-year cycle. The reappraisal was mandated because property assessment levels had fallen below 85% of market value, the threshold set by the Department of Revenue.

Key points about the reappraisal process:

- Property values will change to reflect current market value as of January 1, 2026
- The county uses mass appraisal techniques, grouping similar properties together
- Notices of new values will be mailed in February 2026
- Property owners can appeal their valuations until early May

- The county encourages property owners to review their property data online at tax.buncombenc.gov

Mr. Cregger emphasized that reappraisal is not a method to increase revenues, as tax rates are set by governing bodies based on budgetary needs.

NEW BUSINESS

Mr. Kanipe presented Resolution 2025-14, which would approve the Construction Manager at Risk (CMAR) delivery method for the Public Works and Police Department building projects. He explained that this method allows for selection of the most qualified contractor and ensures a cooperative partnership between the Town, architect, and contractor. The CMAR method involves the contractor during the design process, allowing them to provide feedback on constructability and other design issues.

Commissioner Loomis moved to adopt Resolution 2025-14, approving the Construction Manager at Risk delivery method. Commissioner Tarleton seconded the motion. The motion passed unanimously.

Consideration of Selection for Construction Manager at Risk Firm. Following the approval of the CMAR method, Town Manager Kanipe recommended selecting Edifice Construction as the CMAR firm for the town's projects. The selection committee included Mr. Kanipe, Chief Chris Beddingfield, Public Works Director Harry Buckner, Public Works Supervisor Mike Dale, Telecommunications director, Aslyne Tate, Town Attorney Billy Clarke, with input from the Town's architect and civil engineer.

Mr. Kyle Tonkins from DP3 Architects spoke about the benefits of the CMAR process, especially for complicated sites. He noted that Edifice had successfully completed the Simpsonville municipal complex project, which involved four buildings. Kanipe added that Edifice received overwhelmingly positive reviews from other municipalities, including Hendersonville, where they completed both the police and fire departments. He also noted that they were voted the best contractor by the Subcontractors Association of the Carolinas.

The CMAR process in North Carolina requires at least three subcontractors to bid on each

trade component of the project, ensuring competitive pricing. Edifice will provide a guaranteed maximum price (GMP) which will be what the Town pays, with any overages being the responsibility of the contractor.

Commissioner Tarleton moved to select Edifice Construction as the Construction Manager at Risk. Commissioner Loomis seconded the motion. The motion passed unanimously.

Consideration of Easement Agreement between the Town and ERC Broadband, LLC. Town Manager Kanipe presented an easement agreement with ERC Broadband to run a fiber line across the corner tip of the Town's 10.29-acre parcel on Vanderbilt Road, which is the site for the planned Public Works project. The fiber line would serve as a redundant line to the Biltmore Estate, which experienced significant outages during the hurricane because their main fiber line comes in on Lodge Road. ERC would provide a handheld connection point for the town at that location if the town decides to use their fiber in the future. The easement would not impact the town's planned project for the site.

Commissioner Stephens moved to approve the easement agreement between the Town of Biltmore Forest and ERC Broadband. Commissioner Tarleton seconded the motion. The motion passed unanimously.

Mr. Kanipe presented Resolution 2025-15 for the adoption of the Buncombe County Helene Recovery Plan. The plan includes both Town-specific goals and the county's overall recovery strategy. Mr. Kanipe noted that 59 town residents had provided input during the development of the plan.

Commissioner Tarleton moved for the adoption of Resolution 2025-15, adopting the Buncombe County Helene Recovery Plan. Commissioner Loomis seconded the motion. The motion passed unanimously.

Consideration of Resolution 2025-16- A Resolution to Approve a Public Comment Policy. Mr. Kanipe presented the need for a formal Public Comment policy. The Town currently follows state guidelines, which require at least one Public Comment period during each regular monthly meeting. The proposed policy would clarify procedures, including how to handle remote participants via Zoom or other platforms.

The draft policy would require anyone not attending in person to submit comments by 5 PM the Monday before the meeting. These written comments would be printed and provided to the Board and also posted on the Town's website.

Commissioner Stephens suggested considering having Public Comment at both the beginning and end of meetings, noting that some organizations offer this option to allow for more informed comments after agenda items have been discussed.

Town Attorney, Mr. Billy Clarke recommended adding language about preserving decorum and giving the presiding officer authority to limit speaking or stop speakers if necessary.

The Board did not take formal action on this item but directed staff to draft a formal policy with the suggested additions and bring it back for consideration at the January meeting.

The next topic is Consideration of Changes to Utility Billing for Late Fees and Delinquent Account. Town Manager Kanipe proposed amending the fee schedule to align the Town's water and sewer bill late fees with the City of Asheville's structure: a \$15 fee for the first occurrence and \$50 for each occurrence thereafter. He noted that this change would go into effect in January 2026.

Mr. Kanipe mentioned that staff is also working on policies to address rental properties, to ensure that property owners remain responsible for water bills even when renters change.

Commissioner Tarleton moved to adopt the FY 2025-26 fee schedule amendment for late fee payments for water and sewer. Commissioner Stephens seconded the motion. The motion passed unanimously.

Consideration of Master Services Agreement with First Tryon Advisors. Mr. Kanipe recommended entering into a master services agreement with First Tryon Advisors for financial advisory services related to the police station and public works construction projects. The Town will need to secure financing in the range of \$11.5-12.5 million and requires Local Government Commission (LGC) approval before proceeding.

First Tryon specializes in public finance and works daily with the LGC and financial institutions. Mr. Kanipe recommended pursuing installment financing rather than bond financing, which could save about \$900,000 over 20 years but would require significant additional work. The cost estimate for First Tryon's services is approximately \$45,000, which can be reimbursed from the debt proceeds.

Commissioner Tarleton asked for clarification on First Tryon's role, and Mr. Kanipe explained they would help navigate the financing process efficiently and secure the best available rates. Town Attorney, Mr. Billy Clarke added that he has worked with First Tryon's managing directors in the past and has high regard for them.

Commissioner Stephens moved to approve the master services agreement with First Tryon Advisors. Commissioner Loomis seconded the motion. The motion passed unanimously.

Consideration of Bond Counsel Services with Parker Poe. Mr. Kanipe recommended entering into an agreement with Parker Poe law firm to provide bond counsel services for the installment financing contract. Ms. Rebecca Joiner from Parker Poe's Raleigh office would work with First Tryon to handle the legal aspects of the financing, particularly the tax exemption opinion upon which financial institutions would rely. The cost for these services would be approximately \$35,000 (compared to \$85,000 if bond financing were pursued).

Commissioner Tarleton moved to approve the bond counsel services agreement with Parker Poe for the installment financing contract. Commissioner Stephens seconded the motion. The motion passed unanimously.

Mayor Goosmann adjourned the meeting at 6:02pm

The next meeting is scheduled for Tuesday, January 13th, 2026 at 4:30 pm.

ATTEST:

Laura Jacobs
Town Clerk

George F. Goosmann, III
Mayor



Skyland Fire & Rescue

Biltmore Forest Valley Springs Station

Phone: (828) 684-6421 Address: PO Box 640 Skyland NC 28776 Fax (828) 684-1010
www.skylandfire.com



Biltmore Forest Valley Springs Station

Incident Response

December 2025

Incident Type (NFIRS)

111 - Building fire	1
121 - Fire in mobile home used as fixed residence	1
311 - Medical assist, assist EMS crew	3
324 - Motor vehicle accident with no injuries.	1
412 - Gas leak (natural gas or LPG)	3
424 - Carbon monoxide incident	1
554 - Assist invalid	1
571 - Cover assignment, standby, moveup	2
600 - Good intent call, other	1
611 - Dispatched & canceled en route	1
700 - False alarm or false call, other	1
Total	16

Respectfully Submitted,

Trevor C. Lance

Chief Trevor C. Lance
Skyland Fire Rescue

Biltmore Forest Police
355 Vanderbilt Road
Biltmore Forest, NC 28803
828-274-0822
Chief M. Chris
Beddingfield



George F. Goosmann, III, Mayor
Doris P Loomis, Mayor-Pro Tem
Allan Tarleton, Commissioner
Drew Stephens, Commissioner
Jonathan Kanipe, Town Manager

**Biltmore Forest Police Department
January 13, 2026
Commission Report
December 2025 Data**

Total Calls for Service:

756 (716 last month)

Arrests:

0-Felony Arrests

3-Misdemeanor Arrests- One Driving While Impaired, One Out of Jurisdiction Warrants, One Driving on Revoked License

Citations:

16-Citations for various traffic violations (35 last month)

Time Consumption Summary:

Approximations:

Business Checks- 4 hours

House Checks- 5 hours

Radar Operation- 3 hours

Vehicle Crash Investigation- 2 hours

Notable Calls and Projects

We participated with several charity events in December. We held a clothing drive for the Blessing Barn in Swannanoa and partnered with Walmart on a toy drive for the Black Mountain Children's Home.

Successful escort of Santa's visit to town.

Assisted with facility fire at Biltmore Forest Country Club

We did have a deer vs. police car collision-Just under \$10,000 damage.

Biltmore Forest Police Department
355 Vanderbilt Rd
Biltmore Forest , NC 28803
December 2025 Calls for Service

BILTMORE FOREST POLICE DEPARTMENT	Count	Percent
ALARM	12	1.59%
ANIMAL CONTROL	12	1.59%
ASSIST MOTORIST	8	1.06%
ASSIST OTHER AGENCY	4	0.53%
BUSINESS CHECK	437	57.80%
C&R DRIVER	2	0.26%
COMMUNITY EVENT	1	0.13%
CRIME PREVENTION	27	3.57%
DEBRIS IN ROADWAY	2	0.26%
DEPARTMENT OTHER	2	0.26%
DISTURBANCE	1	0.13%
DOMESTIC	1	0.13%
FIRE	1	0.13%
FOLLOW UP	2	0.26%
GAS LEAK	4	0.53%
HOUSE CHECK	119	15.74%
IMPROPER PARKING	1	0.13%
JUVENILE ISSUE	3	0.40%
LARCENY	1	0.13%
MEDICAL EMERGENCY	4	0.53%
ORDINANCE VIOLATION	1	0.13%
PUBLIC ASSIST	5	0.66%
RADAR OPERATION	7	0.93%
SMOKE COMPLAINT	1	0.13%
SPECIAL ASSIGNMENT	1	0.13%
SPECIAL CHECK	9	1.19%
SPEED ENFORCEMENT	1	0.13%
SUSPICIOUS ACTIVITY	2	0.26%
SUSPICIOUS PERSON	6	0.79%
SUSPICIOUS VEHICLE	13	1.72%
TALK WITH OFFICER	8	1.06%
TEST CALL	1	0.13%
TRAFFIC CONTROL	2	0.26%
TRAFFIC STOP	43	5.69%
TREE DOWN	2	0.26%
TRESPASSING	3	0.40%
VEHICLE ACCIDENT	3	0.40%
WELFARE CHECK	4	0.53%
Total Records For BILTMORE FOREST POLICE DEPARTMENT	756	Group/Total 100.00%
Total Records	756	

BOARD OF COMMISSIONERS MEETING

STAFF MEMORANDUM

January 7, 2026



Agenda Item E-3

Public Works Director Monthly Report

Recurring Activities:

The Public Works Department has completed the following activities during the month of December:

- Collected 41.84 tons of garbage.
- Diverted 16.63 tons of recycled goods from garbage.
- Picked up 8 loads of brush (approximately 216 cubic yards) over 6 days.
- Picked up 17 loads of leaves (approximately 459 cubic yards) over 7 days.
- Responded to 73 total utility locate requests, comprised of 35 new requests and 38 updates.
- December tree removal request data is not available at this time. We will report the December numbers with the January report.
- Completed daily chlorine residual tests across town and the required two (2) bacteriological. All tests were passed.
- Used the Beacon/Badger Meter automated meter reading system to monitor water leaks daily and attempted to contact residents of suspected leaks.
- We continued to perform litter pick-ups as needed, focusing on the entrances.

Miscellaneous Activities for December

- Staff continue to service our fourteen (14) dog waste stations weekly.
- Leaf only collection occurred in December and will continue through January 15th, 2026.
- We continue to have issues with leaves and brush being commingled, so we did perform some irregular brush collection this month.
- Our team is very appreciative of the Staff holiday luncheon on The vast majority of leaves were collected by the middle of December. We benefitted from generally good weather and (apparently) many fewer leaves this year.
- Public Works staff installed Christmas decorations on the outside areas around the Town Hall complex in preparation for the tree lighting ceremony on December 5th.
- We assisted Ms. Jacobs with the bi-monthly water billing cycle in December.
- Staff have used and will continue to use the tractor and blower to keep the roads clear of debris.
- We continue to maintain the water system, including replacing damaged meter boxes and responding to leaks as necessary. We have been updating some failed electronics throughout

the system and returning the equipment for replacement under warranty through our meter supplier.

- We are continuing to monitor and clean storm drain inlets throughout town.
- We reinstalled the streetlight and camera at 15 Ridgefield Place. It still needs to be connected by Duke to be operational.
- I met with the field crew from A-American Electric on December 18th. They did some troubleshooting on several of the cameras and lights in Town. They are booked to return to perform repairs from January 12 through January 15.
- The custom designed streetlight was delivered on December 9th. It is in the Public Works shop for viewing now. We would appreciate Board input on this lamp.
- AT&T subcontractor (ANSCO, Inc.) began the installation of new fiber optic cable on December 16th. Sections were installed along the high numbers on Vanderbilt Rd., Forest Rd., East Forest Rd, and portions of Park Rd.
- The metal guardrail near the intersection of Eastwood Road and Hilltop Road that was damaged during Helene was replaced on December 15th.
- I created new recycling and brush calendars that will be distributed in early January.
- Supervisor Dale and I have attempted to observe the AT&T work to make sure disruptions are minimized and the work areas are kept clean and neat. We speak with their representatives regularly.
- Supervisor Dale continues to participate on the tree committee.
- Manager Kanipe asked me to represent the Town on the Buncombe County Pedestrian Plan Steering Committee. I was officially appointed on December 2nd by the Buncombe County Board of Commissioners. I attended the kick-off meeting on December 4th and have been providing feedback on the committee's work. For more information about this project please visit <https://engage.buncombecounty.org/pedestrianplan>

Larger/Capital Projects Updates

Buncombe-Madison Regional Hazard Mitigation Plan (HMP) Update

- There has been no activity with this group since the September 30th meeting.
- At the request of Manager Kanipe, I represented the Town of Biltmore Forest at the Stakeholder Kickoff Meeting for the Buncombe-Madison Regional Hazard Mitigation Plan (HMP) Update on September 30th.
- The last HMP for Buncombe and Madison County was prepared in 2021, and FEMA requires the plan to be updated every five years. The 2021 plan can be viewed at <https://www.ncdps.gov/media/13258/open>.
- The group's next meeting has not been scheduled at this time, but the project website can be viewed at <https://storymaps.arcgis.com/stories/c7ece820a57c4698a9ed87b73e232ca3>.

Streetlight LED Conversions and Service Upgrades

- All streetlights were inspected for operation on 01/08/2026.

- A total of nine (9) streetlights are structurally damaged or destroyed. Seven (7) of the nine (9) have been removed and are at Public Works awaiting replacement or repair.
- Out of the 66 total lamps, twenty-five (25) are not functioning currently. This includes the nine (9) damaged or removed lamps.
- The camera system is functional except for the following locations:
 - Stuyvesant Rd. and Parkway Rd. (Pole removed due to damage)
 - 15 Ridgefield Place (Camera slated for replacement by Flock)
 - Vanderbilt Rd. and Busbee Rd., SE Corner (Pole removed due to damage)
 - Vanderbilt Road and Cedarcliff Road (Damaged power supply cable to be replaced)

Anticipated January Activities

- Staff will complete the required daily chlorine, monthly bacteriological sampling.
- We will remove the exterior Christmas decorations the week of January 5th.
- Leaf only collection will continue through January 15th, 2026. Leaves are being disposed of for recycling at the Biltmore Estate at no cost this year.
- Normal brush collection will begin on January 20th, 2026 on the North Route and February 2nd on the South route.
- We will perform routine maintenance activities in all public spaces as needed as we move into the winter months.
- New recycling and brush collection calendars will be distributed in early January.
- I plan to attend the French Broad River MPO Technical Coordinating Committee (TCC) meeting virtually on Thursday, January 15th.
- All-American Electric is scheduled to perform streetlight and camera maintenance from January 12th through 15th.
- We will be installing a new water service on Brooklawn Chase.
- The Helene-damaged wooden guardrails on Arboretum Road and Greenwood Place are scheduled to be replaced on January 6th and January 7th, 2026.
- We have scheduled a chainsaw safety class with instructors from the NC Department of Labor for January 8, 2026 for all staff in the department.

As always, please do not hesitate to contact me with any questions or feedback.



MEMORANDUM

To: Jonathan Kanipe, Town Manager

Mayor and Board of Commissioners

From: Tony Williams, Town Planner

Re: December Monthly Report

Date: January 13, 2026

Recurring

- Check PD reports daily for code violations, make contact as needed to homeowners and contractors.
- Field inspections are conducted multiple times a week.
- Review plans for the Board of Adjustment for meeting packets.
- Conducted site visits with the Board of Adjustment Members for all projects to be heard.
- Communicate weekly with all who submit plans for approval.
- Advising homeowners and contractors of the ordinances.
- Addressing violations as needed.
- Issuing permits as needed.

Monthly Breakdown

- Review of potential subdivisions: 0
- Land use conferences virtual/on site: 102
- Notice of violations verbal/written: 0
- Complaints: 1
- Resolved violations/complaints: 2
- Plans reviewed: 30
- Plans reviewed for BOA: 2
- Zoning permits issued: 2
- Demo permits issued: 0
- Zoning Clearance letters issued: 1

BOARD OF COMMISSIONERS MEETING

STAFF MEMORANDUM

JANUARY 13, 2026



AGENDA ITEM E-5

TOWN MANAGER'S MONTHLY REPORT

Police Department/Public Works Construction Project Update: The project and its various components are moving well following the Board's approvals last month. Staff, the design team, and CMAR firm are meeting on Tuesday, January 13 to review the schematic designs and discuss the first round of pricing. Separately, but concurrently, I am coordinating the financial approval process with First Tryon and Parker Poe. I anticipate having resolutions for the Board's consideration and a public hearing next month before making an application to the Local Government Commission (LGC) for the project. In many respects, this is truly the calm before the storm for this project.

AT&T Fiber Project: The AT&T project began the next to last week in December. Their primary focus thus far has been the full width of Town between Biltmore Forest Country Club and Town Hall. There have been some substantial issues with over five (5) gas lines struck thus far and we are continuing to provide residents with the contact number provided by AT&T if needed. Town staff has tried to stay on top of this project and intervened with AT&T or their contractor several times already to address issues. AT&T has told us this work should be completed by mid-February.

Ridgefield Place Update: Town staff met with a property owner regarding the potential acquisition of property necessary for this closure. The property owner provided some information and concerns regarding the closure. Staff is currently evaluating these concerns and will be working to provide a workable solution in the next several weeks.

NC OSBM Grant Update: Unfortunately, the Town was not awarded either OSBM grant that was submitted. If you recall, I submitted grant applications to cover a portion of the Town's new Police Department construction and one for a new knuckle boom truck. Funds were limited to just over \$9MM per county. Projects in Black Mountain, Woodfin, Weaverville, and Asheville were approved. Buncombe County's applications were not awarded either. I did check in with the grant administrators at the OSBM office and their indication was that these were projects not impacted directly by the storm. We will continue to pursue other grant opportunities as they become available.

FEMA Reimbursement Updates: We continue to await reimbursement news from FEMA for our projects that were finalized in late November and early December. I reached out to Congressman Edwards's office and they provided a more detailed update about where the projects are in the process. I hope to have more positive information regarding this at our next meeting. As a reminder, the amounts still owed to the Town are as follows.

Right of Way Removal after 3/24/25 - \$1,430,741.88

Waterway Removal after 3/24/25 - \$627,945.95

Commercial Property Debris Removal - \$90,476.65

The above totals \$2,149,164.48. The Town is also awaiting \$2,503,430.96 in a previous request for the right of way removal work prior to 3/24/25. This total amount, \$4,652,595.44, is (at this time) everything left to be reimbursed for debris removal.

REVENUE & EXPENDITURE STATEMENT

07/01/2025 To 12/31/2025

Town of Biltmore Forest

FY 2025-2026

*100 in the % Used column indicates that no budget exists

Account	Budget (\$)	Current Period (\$)	YTD With Encumbrance (\$)	Encumbrance (\$)	Remaining Balance (\$)	% Used
3010 Ad Valorem Tax						
Revenue						
10 General Fund						
3010 Ad Valorem Tax						
10-3010-0000 AD VALOREM TAXES (PROPERTY)	3,046,790.00	3,057,337.77	3,057,337.77	0.00	-10,547.77	100
10-3010-0100 AD VALOREM TAXES (DMV)	135,794.00	76,848.38	76,848.38	0.00	58,945.62	57
10-3010-0200 TAX INTEREST & PENALTIES	5,000.00	1,367.24	1,367.24	0.00	3,632.76	27
3010 Ad Valorem Tax Subtotal	\$3,187,584.00	\$3,135,553.39	\$3,135,553.39	\$0.00	\$52,030.61	98
10 General Fund Subtotal	\$3,187,584.00	\$3,135,553.39	\$3,135,553.39	\$0.00	\$52,030.61	98
Revenue Subtotal	\$3,187,584.00	\$3,135,553.39	\$3,135,553.39	\$0.00	\$52,030.61	98
After Transfers	Excess Of Revenue Subtotal	\$3,187,584.00	\$3,135,553.39	\$3,135,553.39	\$0.00	98
3020 Unrestricted Intergovernm						
Revenue						
10 General Fund						
3020 Unrestricted Intergovernm						
10-3020-0000 FRANCHISE & UTILITIES TAX DIST.	268,000.00	57,690.36	57,690.36	0.00	210,309.64	22
10-3020-0100 ALCOHOL BEVERAGE TAX	6,500.00	0.00	0.00	0.00	6,500.00	0
10-3020-0200 BUNCOMBE COUNTY 1% TAX	833,595.00	309,303.71	309,303.71	0.00	524,291.29	37
10-3020-0300 1/2 CENT SALES TAX A.40	349,435.00	142,947.80	142,947.80	0.00	206,487.20	41
10-3020-0400 1/2 CENT SALES TAX A.42	429,574.00	165,526.20	165,526.20	0.00	264,047.80	39
10-3020-0600 SALES TAX REFUND	30,000.00	0.00	0.00	0.00	30,000.00	0
10-3020-0700 GASOLINE TAX REFUND	5,000.00	0.00	0.00	0.00	5,000.00	0
3020 Unrestricted Intergovernm Subtotal	\$1,922,104.00	\$675,468.07	\$675,468.07	\$0.00	\$1,246,635.93	35
10 General Fund Subtotal	\$1,922,104.00	\$675,468.07	\$675,468.07	\$0.00	\$1,246,635.93	35
Revenue Subtotal	\$1,922,104.00	\$675,468.07	\$675,468.07	\$0.00	\$1,246,635.93	35
After Transfers	Excess Of Revenue Subtotal	\$1,922,104.00	\$675,468.07	\$675,468.07	\$0.00	35
3030 Restricted Intergovernmen						
Revenue						
10 General Fund						
3030 Restricted Intergovernmen						
10-3030-0000 SOLID WASTE DISPOSAL TAX	1,000.00	541.82	541.82	0.00	458.18	54
10-3030-0100 POWELL BILL	81,000.00	39,871.06	39,871.06	0.00	41,128.94	49
10-3030-0200 ILLICIT SUBSTANCE TAX	0.00	162.92	162.92	0.00	-162.92	*100
3030 Restricted Intergovernmen Subtotal	\$82,000.00	\$40,575.80	\$40,575.80	\$0.00	\$41,424.20	49
10 General Fund Subtotal	\$82,000.00	\$40,575.80	\$40,575.80	\$0.00	\$41,424.20	49
Revenue Subtotal	\$82,000.00	\$40,575.80	\$40,575.80	\$0.00	\$41,424.20	49
After Transfers	Excess Of Revenue Subtotal	\$82,000.00	\$40,575.80	\$40,575.80	\$0.00	49
3040 Permits & Fees						
Revenue						

REVENUE & EXPENDITURE STATEMENT

07/01/2025 To 12/31/2025

Town of Biltmore Forest

FY 2025-2026

*100 in the % Used column indicates that no budget exists

Account	Budget (\$)	Current Period (\$)	YTD With Encumbrance (\$)	Encumbrance (\$)	Remaining Balance (\$)	% Used
10 General Fund						
3040 Permits & Fees						
10-3040-0000 ZONING PERMITS	42,000.00	50,470.00	50,470.00	0.00	-8,470.00	120
10-3040-0100 DOG LICENSE FEE	1,500.00	1,355.00	1,355.00	0.00	145.00	90
3040 Permits & Fees Subtotal	\$43,500.00	\$51,825.00	\$51,825.00	\$0.00	-\$8,325.00	119
10 General Fund Subtotal	\$43,500.00	\$51,825.00	\$51,825.00	\$0.00	-\$8,325.00	119
Revenue Subtotal	\$43,500.00	\$51,825.00	\$51,825.00	\$0.00	-\$8,325.00	119
After Transfers	Excess Of Revenue Subtotal	\$43,500.00	\$51,825.00	\$51,825.00	\$0.00	119
3050 Investment Earnings						
Revenue						
10 General Fund						
3050 Investment Earnings						
10-3050-0000 INTEREST EARNED	175,000.00	30,976.02	30,976.02	0.00	144,023.98	18
3050 Investment Earnings Subtotal	\$175,000.00	\$30,976.02	\$30,976.02	\$0.00	\$144,023.98	18
10 General Fund Subtotal	\$175,000.00	\$30,976.02	\$30,976.02	\$0.00	\$144,023.98	18
Revenue Subtotal	\$175,000.00	\$30,976.02	\$30,976.02	\$0.00	\$144,023.98	18
After Transfers	Excess Of Revenue Subtotal	\$175,000.00	\$30,976.02	\$30,976.02	\$0.00	18
3060 Miscellaneous						
Revenue						
10 General Fund						
3060 Miscellaneous						
10-3060-0100 AMERICAN TOWER AGREEMENT	38,000.00	33,170.17	33,170.17	0.00	4,829.83	87
10-3060-0200 MISCELLANEOUS	25,000.00	52,410.85	52,782.84	-371.99	-27,782.84	211
10-3060-0300 INSURANCE REIMBURSEMENT	0.00	1,000.00	1,000.00	0.00	-1,000.00	*100
3060 Miscellaneous Subtotal	\$63,000.00	\$86,581.02	\$86,953.01	-\$371.99	-\$23,953.01	138
10 General Fund Subtotal	\$63,000.00	\$86,581.02	\$86,953.01	-\$371.99	-\$23,953.01	138
Revenue Subtotal	\$63,000.00	\$86,581.02	\$86,953.01	-\$371.99	-\$23,953.01	138
After Transfers	Excess Of Revenue Subtotal	\$63,000.00	\$86,581.02	\$86,581.02	-\$371.99	137
3290						
Revenue						
30 Water & Sewer Fund						
3290						
30-3290-0000 INTEREST EARNED	4,000.00	1,941.93	1,941.93	0.00	2,058.07	49
3290 Subtotal	\$4,000.00	\$1,941.93	\$1,941.93	\$0.00	\$2,058.07	49
30 Water & Sewer Fund Subtotal	\$4,000.00	\$1,941.93	\$1,941.93	\$0.00	\$2,058.07	49
Revenue Subtotal	\$4,000.00	\$1,941.93	\$1,941.93	\$0.00	\$2,058.07	49
After Transfers	Excess Of Revenue Subtotal	\$4,000.00	\$1,941.93	\$1,941.93	\$0.00	49
3350 Commissions, Sw Chg Coll						
Revenue						

REVENUE & EXPENDITURE STATEMENT

07/01/2025 To 12/31/2025

Town of Biltmore Forest

FY 2025-2026

*100 in the % Used column indicates that no budget exists

Account	Budget (\$)	Current Period (\$)	YTD With Encumbrance (\$)	Encumbrance (\$)	Remaining Balance (\$)	% Used
30 Water & Sewer Fund						
3350 Commissions, Sw Chg Coll						
30-3350-0000 COMMISSIONS, SEWER CHARGE COLL	10,000.00	7,796.12	7,796.12	0.00	2,203.88	78
3350 Commissions, Sw Chg Coll Subtotal	\$10,000.00	\$7,796.12	\$7,796.12	\$0.00	\$2,203.88	78
30 Water & Sewer Fund Subtotal	\$10,000.00	\$7,796.12	\$7,796.12	\$0.00	\$2,203.88	78
Revenue Subtotal	\$10,000.00	\$7,796.12	\$7,796.12	\$0.00	\$2,203.88	78
After Transfers Excess Of Revenue Subtotal	\$10,000.00	\$7,796.12	\$7,796.12	\$0.00		78
3500 Other Financing						
Other Financing Source						
10 General Fund						
3500 Other Financing						
10-3500-0000 SALE OF PERSONAL PROPERTY	15,000.00	18,150.00	18,150.00	0.00	-3,150.00	121
10-3500-0300 TRANSFER FROM FUND BALANCE	500,000.00	0.00	0.00	0.00	500,000.00	0
10-3500-0500 GRANT (GOVERNMENTAL) FUNDS	30,000.00	0.00	0.00	0.00	30,000.00	0
10-3500-0700 INTERGOVERNMENTAL LOAN (RESTRIC	0.00	15,000.00	15,000.00	0.00	-15,000.00	*100
3500 Other Financing Subtotal	\$545,000.00	\$33,150.00	\$33,150.00	\$0.00	\$511,850.00	6
10 General Fund Subtotal	\$545,000.00	\$33,150.00	\$33,150.00	\$0.00	\$511,850.00	6
Other Financing Source Subtotal	\$545,000.00	\$33,150.00	\$33,150.00	\$0.00	\$511,850.00	6
After Transfers Excess Of Revenue Subtotal	\$545,000.00	\$33,150.00	\$33,150.00	\$0.00		6
3710 Water Sales						
Revenue						
30 Water & Sewer Fund						
3710 Water Sales						
30-3710-0000 WATER CHARGES	641,000.00	387,032.05	387,032.05	0.00	253,967.95	60
30-3710-0100 MSD CHARGES	439,130.00	258,233.45	258,233.45	0.00	180,896.55	59
30-3710-0200 AMI TRANSMITTER CHARGES	9,000.00	4,195.10	4,195.10	0.00	4,804.90	47
3710 Water Sales Subtotal	\$1,089,130.00	\$649,460.60	\$649,460.60	\$0.00	\$439,669.40	60
30 Water & Sewer Fund Subtotal	\$1,089,130.00	\$649,460.60	\$649,460.60	\$0.00	\$439,669.40	60
Revenue Subtotal	\$1,089,130.00	\$649,460.60	\$649,460.60	\$0.00	\$439,669.40	60
After Transfers Excess Of Revenue Subtotal	\$1,089,130.00	\$649,460.60	\$649,460.60	\$0.00		60
3730 Water Tap & Connect Fees						
Revenue						
30 Water & Sewer Fund						
3730 Water Tap & Connect Fees						
30-3730-0000 WATER TAP AND CONNECTION FEES	10,000.00	10,750.00	10,750.00	0.00	-750.00	108
3730 Water Tap & Connect Fees Subtotal	\$10,000.00	\$10,750.00	\$10,750.00	\$0.00	-\$750.00	108
30 Water & Sewer Fund Subtotal	\$10,000.00	\$10,750.00	\$10,750.00	\$0.00	-\$750.00	108
Revenue Subtotal	\$10,000.00	\$10,750.00	\$10,750.00	\$0.00	-\$750.00	108
After Transfers Excess Of Revenue Subtotal	\$10,000.00	\$10,750.00	\$10,750.00	\$0.00		108

REVENUE & EXPENDITURE STATEMENT

07/01/2025 To 12/31/2025

Town of Biltmore Forest

FY 2025-2026

*100 in the % Used column indicates that no budget exists

Account	Budget (\$)	Current Period (\$)	YTD With Encumbrance (\$)	Encumbrance (\$)	Remaining Balance (\$)	% Used
3900						
Other Financing Source						
40 Capital Project Fund						
3900						
40-3900-4000 FINANCING PROCEEDS-CASHFLOW LO/	0.00	1,335,763.62	1,335,763.62	0.00	-1,335,763.62	*100
3900 Subtotal	\$0.00	\$1,335,763.62	\$1,335,763.62	\$0.00	-\$1,335,763.62	*100
40 Capital Project Fund Subtotal	\$0.00	\$1,335,763.62	\$1,335,763.62	\$0.00	-\$1,335,763.62	*100
Other Financing Source Subtotal	\$0.00	\$1,335,763.62	\$1,335,763.62	\$0.00	-\$1,335,763.62	*100
After Transfers Excess Of Revenue Subtotal	\$0.00	\$1,335,763.62	\$1,335,763.62	\$0.00		*100
4200 Administration						
Expenditure						
4200 Administration						
10-4200-0200 SALARIES	383,791.00	234,384.14	234,384.14	0.00	149,406.86	61
10-4200-0500 FICA	29,360.00	18,529.18	18,529.18	0.00	10,830.82	63
10-4200-0600 HEALTH INSURANCE (MEDICAL)	41,748.00	20,694.61	20,694.61	0.00	21,053.39	50
10-4200-0650 DENTAL, VISION, LIFE INSURANCE	13,125.00	4,575.32	4,575.32	0.00	8,549.68	35
10-4200-0675 HEALTH REIMBURSEMENT ACC	7,500.00	3,000.00	3,000.00	0.00	4,500.00	40
10-4200-0700 LGERS RETIREMENT	80,712.00	51,667.78	51,667.78	0.00	29,044.22	64
10-4200-0800 401K SUPP RETIREMENT	19,190.00	11,202.31	11,202.31	0.00	7,987.69	58
10-4200-1000 ACCOUNTING & TAXES	60,000.00	60,603.30	60,603.30	0.00	-603.30	101
10-4200-1200 POSTAGE, PRINTING, STATIONARY	12,500.00	6,154.00	6,154.00	0.00	6,346.00	49
10-4200-1400 MILEAGE & BOARD SALARY	21,600.00	11,025.00	11,025.00	0.00	10,575.00	51
10-4200-1500 BLDG & GRNDS MAINTENANCE	15,000.00	0.00	0.00	0.00	15,000.00	0
10-4200-1700 MAINTENANCE/REPAIRS-VEHICLES	0.00	317.17	317.17	0.00	-317.17	*100
10-4200-3300 SUPPLIES AND EQUIPMENT	15,000.00	3,093.88	4,247.33	1,153.45	10,752.67	28
10-4200-5300 DUES & FEES	12,000.00	6,300.10	6,850.10	550.00	5,149.90	57
10-4200-5700 MISCELLANEOUS	5,000.00	247.09	247.09	0.00	4,752.91	5
10-4200-6500 STAFF DEVELOPMENT	25,000.00	9,021.00	10,769.00	1,748.00	14,231.00	43
10-4200-6600 CAPITAL IMPROVEMENT & AMORT	20,000.00	0.00	0.00	0.00	20,000.00	0
10-4200-8200 DEBT SERVICE LEASES-PRINCIPAL	6,600.00	4,593.00	4,593.00	0.00	2,007.00	70
10-4200-8201 DEBT SERVICE LEASES-INTEREST	2,400.00	0.00	0.00	0.00	2,400.00	0
4200 Administration Subtotal	\$770,526.00	\$445,407.88	\$448,859.33	\$3,451.45	\$321,666.67	58
Expenditure Subtotal	\$770,526.00	\$445,407.88	\$448,859.33	\$3,451.45	\$321,666.67	58
Before Transfers Deficiency Of Revenue Subtotal	-\$770,526.00	-\$445,407.88	-\$445,407.88	-\$3,451.45		58
After Transfers Deficiency Of Revenue Subtotal	-\$770,526.00	-\$445,407.88	-\$445,407.88	-\$3,451.45		58
4400						
Revenue						
40 Capital Project Fund						
4400						

REVENUE & EXPENDITURE STATEMENT

07/01/2025 To 12/31/2025

Town of Biltmore Forest

FY 2025-2026

*100 in the % Used column indicates that no budget exists

Account	Budget (\$)	Current Period (\$)	YTD With Encumbrance (\$)	Encumbrance (\$)	Remaining Balance (\$)	% Used
40-4400-1200 FEMA GRANT REIMBURSEMENT	0.00	211,808.63	211,808.63	0.00	-211,808.63	*100
4400 Subtotal	\$0.00	\$211,808.63	\$211,808.63	\$0.00	-\$211,808.63	*100
40 Capital Project Fund Subtotal	\$0.00	\$211,808.63	\$211,808.63	\$0.00	-\$211,808.63	*100
Revenue Subtotal	\$0.00	\$211,808.63	\$211,808.63	\$0.00	-\$211,808.63	*100
After Transfers Excess Of Revenue Subtotal	\$0.00	\$211,808.63	\$211,808.63	\$0.00		*100
5100 Police Department						
Expenditure						
5100 Police Department						
10-5100-0200 SALARIES	1,257,901.00	758,096.40	758,096.40	0.00	499,804.60	60
10-5100-0300 OVERTIME	0.00	807.66	807.66	0.00	-807.66	*100
10-5100-0400 SEPARATION ALLOWANCE	32,000.00	0.00	0.00	0.00	32,000.00	0
10-5100-0500 FICA	96,229.00	60,369.47	60,369.47	0.00	35,859.53	63
10-5100-0600 HEALTH INSURANCE (MEDICAL)	141,944.00	78,780.17	78,780.17	0.00	63,163.83	56
10-5100-0650 DENTAL, VISION, LIFE INSURANCE	35,700.00	13,070.52	13,070.52	0.00	22,629.48	37
10-5100-0675 HRA HEALTH REIMB ACCT	25,500.00	12,250.00	12,250.00	0.00	13,250.00	48
10-5100-0700 LGERS RETIREMENT	286,298.00	167,109.82	167,109.82	0.00	119,188.18	58
10-5100-0800 401K SUPP RETIREMENT	62,895.00	35,649.18	35,649.18	0.00	27,245.82	57
10-5100-1500 MAINT/REPAIR - BLDG/GROUNDS	10,000.00	1,935.64	1,935.64	0.00	8,064.36	19
10-5100-1600 MAINT/REPAIR - EQUIPMENT	5,000.00	2,280.82	2,280.82	0.00	2,719.18	46
10-5100-1700 MAINT/REPAIR - VEHICLES	25,000.00	18,356.13	18,356.13	0.00	6,643.87	73
10-5100-3100 MOTOR FUELS	21,000.00	10,036.15	10,036.15	0.00	10,963.85	48
10-5100-3300 SUPPLIES	10,000.00	5,464.46	5,623.78	159.32	4,376.22	56
10-5100-3600 UNIFORMS	25,000.00	4,713.24	5,047.18	333.94	19,952.82	20
10-5100-3700 SOFTWARE	15,000.00	5,653.42	9,917.68	4,264.26	5,082.32	66
10-5100-3800 TECHNOLOGY	100,000.00	33,641.41	69,491.61	35,850.20	30,508.39	69
10-5100-5700 MISCELLANEOUS	1,000.00	8,593.53	8,593.53	0.00	-7,593.53	859
10-5100-5800 PHYSICAL EXAMS	5,000.00	700.00	1,050.00	350.00	3,950.00	21
10-5100-6500 STAFF DEVELOPMENT	15,000.00	6,272.59	9,653.20	3,380.61	5,346.80	64
10-5100-7400 CAPITAL EQUIPMENT PURCHASES	75,000.00	40,316.40	44,316.40	4,000.00	30,683.60	59
10-5100-8200 DEBT SERVICE-LEASE	72,000.00	32,136.38	32,136.38	0.00	39,863.62	45
10-5100-8201 DEBT SERVICE-INTEREST	4,800.00	0.00	0.00	0.00	4,800.00	0
5100 Police Department Subtotal	\$2,322,267.00	\$1,296,233.39	\$1,344,571.72	\$48,338.33	\$977,695.28	58
Expenditure Subtotal	\$2,322,267.00	\$1,296,233.39	\$1,344,571.72	\$48,338.33	\$977,695.28	58
Before Transfers Deficiency Of Revenue Subtotal	-\$2,322,267.00	-\$1,296,233.39	-\$1,296,233.39	-\$48,338.33		56
After Transfers Deficiency Of Revenue Subtotal	-\$2,322,267.00	-\$1,296,233.39	-\$1,296,233.39	-\$48,338.33		56
5200 Fire Services						
Expenditure						
5200 Fire Services						
10-5200-0000 FIRE CONTRACT	425,000.00	212,500.00	212,500.00	0.00	212,500.00	50

REVENUE & EXPENDITURE STATEMENT

07/01/2025 To 12/31/2025

Town of Biltmore Forest

FY 2025-2026

*100 in the % Used column indicates that no budget exists

Account	Budget (\$)	Current Period (\$)	YTD With Encumbrance (\$)	Encumbrance (\$)	Remaining Balance (\$)	% Used
5200 Fire Services Subtotal	\$425,000.00	\$212,500.00	\$212,500.00	\$0.00	\$212,500.00	50
Expenditure Subtotal	\$425,000.00	\$212,500.00	\$212,500.00	\$0.00	\$212,500.00	50
Before Transfers	Deficiency Of Revenue Subtotal	-\$425,000.00	-\$212,500.00	-\$212,500.00	\$0.00	50
After Transfers	Deficiency Of Revenue Subtotal	-\$425,000.00	-\$212,500.00	-\$212,500.00	\$0.00	50
5600 Public Works						
Expenditure						
5600 Public Works						
10-5600-0200 SALARIES	286,246.00	179,955.85	179,955.85	0.00	106,290.15	63
10-5600-0500 FICA	21,898.00	14,109.12	14,109.12	0.00	7,788.88	64
10-5600-0600 HOSPITAL INSURANCE (MEDICAL)	41,748.00	21,884.63	21,884.63	0.00	19,863.37	52
10-5600-0650 DENTAL, VISION, LIFE INSURANCE	10,500.00	3,701.11	3,701.11	0.00	6,798.89	35
10-5600-0675 HRA HEALTH REIMB ACCT	9,000.00	3,375.00	3,375.00	0.00	5,625.00	38
10-5600-0700 LGERS RETIREMENT	60,198.00	39,139.37	39,139.37	0.00	21,058.63	65
10-5600-0800 401K SUPP RETIREMENT	14,312.00	8,155.76	8,155.76	0.00	6,156.24	57
10-5600-1300 STREETLIGHTS ELECTRIC	15,000.00	8,175.88	8,175.88	0.00	6,824.12	55
10-5600-1500 MAINT/REPAIR - BLDG/GROUNDS	10,000.00	43,482.49	63,458.57	19,976.08	-53,458.57	635
10-5600-1600 MAINT/REPAIR- STREETLIGHTS	50,000.00	8,038.25	8,038.25	0.00	41,961.75	16
10-5600-1700 MAINT/REPAIR - VEHICLES	10,000.00	3,984.24	3,984.24	0.00	6,015.76	40
10-5600-3100 MOTOR FUELS	18,750.00	8,028.80	8,028.80	0.00	10,721.20	43
10-5600-3300 SUPPLIES	10,000.00	3,200.54	3,200.54	0.00	6,799.46	32
10-5600-3400 STREET SIGNS & NUMBERS	1,000.00	531.56	1,181.56	650.00	-181.56	118
10-5600-3600 UNIFORMS	10,000.00	1,610.75	3,446.86	1,836.11	6,553.14	34
10-5600-3800 TECHNOLOGY	2,000.00	1,039.96	1,039.96	0.00	960.04	52
10-5600-5200 PARKS	50,000.00	3,073.47	5,448.87	2,375.40	44,551.13	11
10-5600-5202 GREENWOOD PARK STREAM RESTORA	30,000.00	0.00	0.00	0.00	30,000.00	0
10-5600-5800 PHYSICAL EXAMS	1,000.00	0.00	0.00	0.00	1,000.00	0
10-5600-5900 MISCELLANEOUS	5,000.00	5.00	5.00	0.00	4,995.00	0
10-5600-6000 CAPITAL OUTLAY	25,000.00	0.00	0.00	0.00	25,000.00	0
10-5600-6500 STAFF DEVELOPMENT	5,000.00	8,114.14	8,114.14	0.00	-3,114.14	162
40-5600-7402 CATEGORY A- DEBRIS	0.00	2,429,275.13	2,429,275.13	0.00	-2,429,275.13	*100
5600 Public Works Subtotal	\$686,652.00	\$2,788,881.05	\$2,813,718.64	\$24,837.59	-\$2,127,066.64	410
Expenditure Subtotal	\$686,652.00	\$2,788,881.05	\$2,813,718.64	\$24,837.59	-\$2,127,066.64	410
Before Transfers	Deficiency Of Revenue Subtotal	-\$686,652.00	-\$2,788,881.05	-\$2,788,881.05	-\$24,837.59	406
After Transfers	Deficiency Of Revenue Subtotal	-\$686,652.00	-\$2,788,881.05	-\$2,788,881.05	-\$24,837.59	406
5700 Streets & Transportation						
Expenditure						
5700 Streets & Transportation						
10-5700-1600 MAINT / REPAIR-EQUIPMENT	5,000.00	1,192.59	1,192.59	0.00	3,807.41	24
10-5700-1700 VEHICLE REPAIRS - STREET DEPT.	1,000.00	33,712.99	33,712.99	0.00	-32,712.99	3,371

REVENUE & EXPENDITURE STATEMENT

07/01/2025 To 12/31/2025

Town of Biltmore Forest

FY 2025-2026

*100 in the % Used column indicates that no budget exists

Account	Budget (\$)	Current Period (\$)	YTD With Encumbrance (\$)	Encumbrance (\$)	Remaining Balance (\$)	% Used
10-5700-2200 CONTRACTS- PAVING & STRIPING	200,000.00	122,487.50	122,487.50	0.00	77,512.50	61
10-5700-2300 SUPPLIES	10,000.00	4,403.89	6,117.86	1,713.97	3,882.14	61
10-5700-2400 TRAFFIC SIGNS	500.00	0.00	0.00	0.00	500.00	0
10-5700-2500 STORM WATER DRAINAGE	200,000.00	18,513.93	18,513.93	0.00	181,486.07	9
10-5700-6500 STAFF DEVELOPMENT	5,000.00	0.00	0.00	0.00	5,000.00	0
10-5700-7400 CAPITAL EQUIPMENT PURCHASES	30,000.00	0.00	7,221.06	7,221.06	22,778.94	24
10-5700-7500 ENGINEERING	25,000.00	33,389.25	33,389.25	0.00	-8,389.25	134
10-5700-8200 DEBT SERVICE LEASES-PRINCIPAL	10,800.00	16,992.72	16,992.72	0.00	-6,192.72	157
10-5700-8201 DEBT SERVICE LEASES-INTEREST	4,800.00	0.00	0.00	0.00	4,800.00	0
5700 Streets & Transportation Subtotal	\$492,100.00	\$230,692.87	\$239,627.90	\$8,935.03	\$252,472.10	49
Expenditure Subtotal	\$492,100.00	\$230,692.87	\$239,627.90	\$8,935.03	\$252,472.10	49
Before Transfers	Deficiency Of Revenue Subtotal	-\$492,100.00	-\$230,692.87	-\$230,692.87	-\$8,935.03	47
After Transfers	Deficiency Of Revenue Subtotal	-\$492,100.00	-\$230,692.87	-\$230,692.87	-\$8,935.03	47
5800 Sanitation & Recycling						
Expenditure						
5800 Sanitation & Recycling						
10-5800-0200 SALARIES	153,718.00	91,572.23	91,572.23	0.00	62,145.77	60
10-5800-0500 FICA	11,759.00	7,476.41	7,476.41	0.00	4,282.59	64
10-5800-0600 HEALTH INSURANCE (MEDICAL)	25,012.00	13,479.87	13,479.87	0.00	11,532.13	54
10-5800-0650 DENTAL,VISION, LIFE INSURANCE	6,300.00	2,010.99	2,010.99	0.00	4,289.01	32
10-5800-0675 HRA HEALTH REIMB ACCT	4,500.00	2,250.00	2,250.00	0.00	2,250.00	50
10-5800-0700 LGERS RETIREMENT	60,198.00	19,180.39	19,180.39	0.00	41,017.61	32
10-5800-0800 401K SUPP RETIREMENT	14,312.00	4,248.13	4,248.13	0.00	10,063.87	30
10-5800-1700 MAINT/REPAIRS - VEHICLES	50,000.00	11,279.64	15,341.69	4,062.05	34,658.31	31
10-5800-3100 MOTOR FUELS	31,200.00	8,455.71	8,455.71	0.00	22,744.29	27
10-5800-3300 SUPPLIES	1,500.00	904.46	904.46	0.00	595.54	60
10-5800-3800 TECHNOLOGY	1,000.00	1,345.83	1,345.83	0.00	-345.83	135
10-5800-6000 CAPITAL OUTLAY	150,000.00	0.00	0.00	0.00	150,000.00	0
10-5800-8000 TIPPING FEES & BRUSH REMOVAL	33,750.00	12,645.01	12,645.01	0.00	21,104.99	37
10-5800-8100 RECYCLING	10,000.00	4,068.70	4,068.70	0.00	5,931.30	41
10-5800-8200 BRUSH & LEAF DISPOSAL FEES	54,000.00	22,611.64	22,611.64	0.00	31,388.36	42
10-5800-8300 DUMPSTER FEES	26,400.00	13,252.43	13,252.43	0.00	13,147.57	50
5800 Sanitation & Recycling Subtotal	\$633,649.00	\$214,781.44	\$218,843.49	\$4,062.05	\$414,805.51	35
Expenditure Subtotal	\$633,649.00	\$214,781.44	\$218,843.49	\$4,062.05	\$414,805.51	35
Before Transfers	Deficiency Of Revenue Subtotal	-\$633,649.00	-\$214,781.44	-\$214,781.44	-\$4,062.05	34
After Transfers	Deficiency Of Revenue Subtotal	-\$633,649.00	-\$214,781.44	-\$214,781.44	-\$4,062.05	34
6600 General Government						
Expenditure						
6600 General Government						

REVENUE & EXPENDITURE STATEMENT

07/01/2025 To 12/31/2025

Town of Biltmore Forest

FY 2025-2026

*100 in the % Used column indicates that no budget exists

Account	Budget (\$)	Current Period (\$)	YTD With Encumbrance (\$)	Encumbrance (\$)	Remaining Balance (\$)	% Used
10-6600-0400 OUTSIDE PROFESSIONAL SERVICES	0.00	74,578.40	74,578.40	0.00	-74,578.40	*100
10-6600-0401 LEGAL SERVICES	30,000.00	40,425.00	40,425.00	0.00	-10,425.00	135
10-6600-0402 ARCHITECTURAL SERVICES	0.00	27,401.00	27,401.00	0.00	-27,401.00	*100
10-6600-1100 TECHNOLOGY	150,000.00	74,841.40	74,841.40	0.00	75,158.60	50
10-6600-1300 MUNICIPAL UTILITIES	26,000.00	10,049.42	10,049.42	0.00	15,950.58	39
10-6600-1500 GE. REPS. AND MAINT.	35,000.00	15,073.11	15,276.21	203.10	19,723.79	44
10-6600-5400 INSURANCE	131,250.00	127,278.30	127,278.30	0.00	3,971.70	97
10-6600-6000 CONTINGENCY	62,707.00	0.00	0.00	0.00	62,707.00	0
10-6600-6100 MISCELLANEOUS	5,000.00	4,406.06	4,406.06	0.00	593.94	88
10-6600-6200 EMERGENCY EXPENSES	5,000.00	0.00	0.00	0.00	5,000.00	0
10-6600-6201 CORPORATE WELLNESS	12,000.00	360.00	360.00	0.00	11,640.00	3
10-6600-6300 COMMUNITY EVENTS	50,000.00	19,981.40	20,289.03	307.63	29,710.97	41
10-6600-6400 WILDLIFE MANAGEMENT	5,000.00	1,046.08	1,046.08	0.00	3,953.92	21
10-6600-6500 FOREST MANAGEMENT	75,000.00	25,412.62	25,412.62	0.00	49,587.38	34
6600 General Government Subtotal	\$586,957.00	\$420,852.79	\$421,363.52	\$510.73	\$165,593.48	72
Expenditure Subtotal	\$586,957.00	\$420,852.79	\$421,363.52	\$510.73	\$165,593.48	72
Before Transfers	Deficiency Of Revenue Subtotal	-\$586,957.00	-\$420,852.79	-\$420,852.79	-\$510.73	72
After Transfers	Deficiency Of Revenue Subtotal	-\$586,957.00	-\$420,852.79	-\$420,852.79	-\$510.73	72
6700 Debt Service						
Expenditure						
6700 Debt Service						
10-6700-0500 Public Works Building-Principal	84,211.00	42,105.26	42,105.26	0.00	42,105.74	50
10-6700-0600 NCDEQ LOAN STRM REST	14,600.00	0.00	0.00	0.00	14,600.00	0
10-6700-1500 Public Works Building-Interest	9,500.00	4,951.59	4,951.59	0.00	4,548.41	52
6700 Debt Service Subtotal	\$108,311.00	\$47,056.85	\$47,056.85	\$0.00	\$61,254.15	43
Expenditure Subtotal	\$108,311.00	\$47,056.85	\$47,056.85	\$0.00	\$61,254.15	43
Before Transfers	Deficiency Of Revenue Subtotal	-\$108,311.00	-\$47,056.85	-\$47,056.85	\$0.00	43
After Transfers	Deficiency Of Revenue Subtotal	-\$108,311.00	-\$47,056.85	-\$47,056.85	\$0.00	43
8100 Water Dept.						
Expenditure						
8100 Water Dept.						
30-8100-0200 SALARIES	215,843.00	100,527.55	100,527.55	0.00	115,315.45	47
30-8100-0400 PROFESSIONAL SERVICES	5,000.00	12,910.00	14,796.00	1,886.00	-9,796.00	296
30-8100-0500 FICA	16,512.00	8,102.99	8,102.99	0.00	8,409.01	49
30-8100-0600 HEALTH INSURANCE (MEDICAL)	0.00	12,351.20	12,351.20	0.00	-12,351.20	*100
30-8100-0650 DENTAL, VISION, LIFE INSURANCE	0.00	2,401.53	2,401.53	0.00	-2,401.53	*100
30-8100-0675 HRA HEALTH REIMBURSEMENT ACCT	0.00	1,875.00	1,875.00	0.00	-1,875.00	*100
30-8100-0700 LGERS RETIREMENT	43,773.00	22,616.33	22,616.33	0.00	21,156.67	52
30-8100-0800 401K SUPP RETIREMENT	10,792.00	6,112.38	6,112.38	0.00	4,679.62	57

REVENUE & EXPENDITURE STATEMENT

07/01/2025 To 12/31/2025

Town of Biltmore Forest

FY 2025-2026

*100 in the % Used column indicates that no budget exists

Account	Budget (\$)	Current Period (\$)	YTD With Encumbrance (\$)	Encumbrance (\$)	Remaining Balance (\$)	% Used
30-8100-1200 POSTAGE, PRINTING,& STATIONARY	2,000.00	588.24	588.24	0.00	1,411.76	29
30-8100-1500 GENERAL REPAIRS	10,000.00	1,426.98	1,426.98	0.00	8,573.02	14
30-8100-3300 SUPPLIES & EQUIPMENT	15,000.00	13,786.08	13,786.08	0.00	1,213.92	92
30-8100-4800 WATER PURCHASES	256,748.00	135,499.70	135,499.70	0.00	121,248.30	53
30-8100-4900 SEWER PURCHASES	439,130.00	256,230.60	256,230.60	0.00	182,899.40	58
30-8100-5000 AMI TRANSMITTER FEES	9,000.00	4,581.60	4,581.60	0.00	4,418.40	51
30-8100-5700 MISCELLANEOUS	2,500.00	1,125.61	1,125.61	0.00	1,374.39	45
30-8100-6500 STAFF DEVELOPMENT	2,500.00	754.80	754.80	0.00	1,745.20	30
30-8100-7400 CAPITAL IMPROVEMENT	84,331.00	0.00	0.00	0.00	84,331.00	0
8100 Water Dept. Subtotal	\$1,113,129.00	\$580,890.59	\$582,776.59	\$1,886.00	\$530,352.41	52
Expenditure Subtotal	\$1,113,129.00	\$580,890.59	\$582,776.59	\$1,886.00	\$530,352.41	52
Before Transfers	Deficiency Of Revenue Subtotal	-\$1,113,129.00	-\$580,890.59	-\$580,890.59	-\$1,886.00	52
After Transfers	Deficiency Of Revenue Subtotal	-\$1,113,129.00	-\$580,890.59	-\$580,890.59	-\$1,886.00	52

BOARD OF COMMISSIONERS MEETING
STAFF MEMORANDUM
JANUARY 13, 2026



AGENDA ITEM G-1

PRESENTATION – DUKE ENERGY TUG PROJECT
TYLER VAN HOOK, SR. ENGAGEMENT MANAGER

Background

Mr. Van Hook last spoke to the Board of Commissioners in August 2024 to discuss the TUG project and the planned pause being undertaken by Duke Energy. This followed the successful underground work in the south end of Biltmore Forest. Mr. Van Hook is returning at this meeting to provide a new update for the Board and Town residents.

Attachments

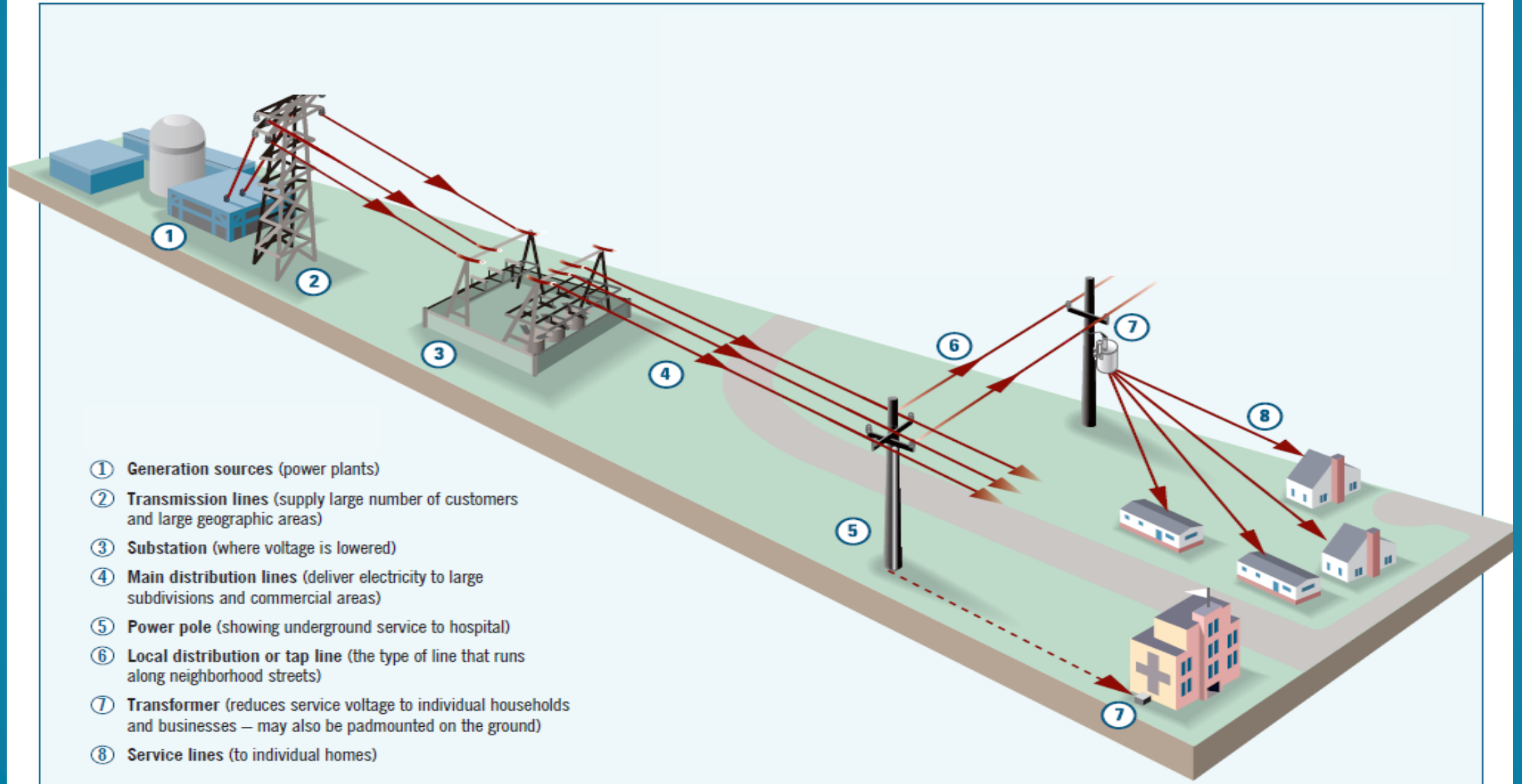
1. Targeted Underground Project Presentation from Duke Energy

Duke Energy Biltmore Forest Update

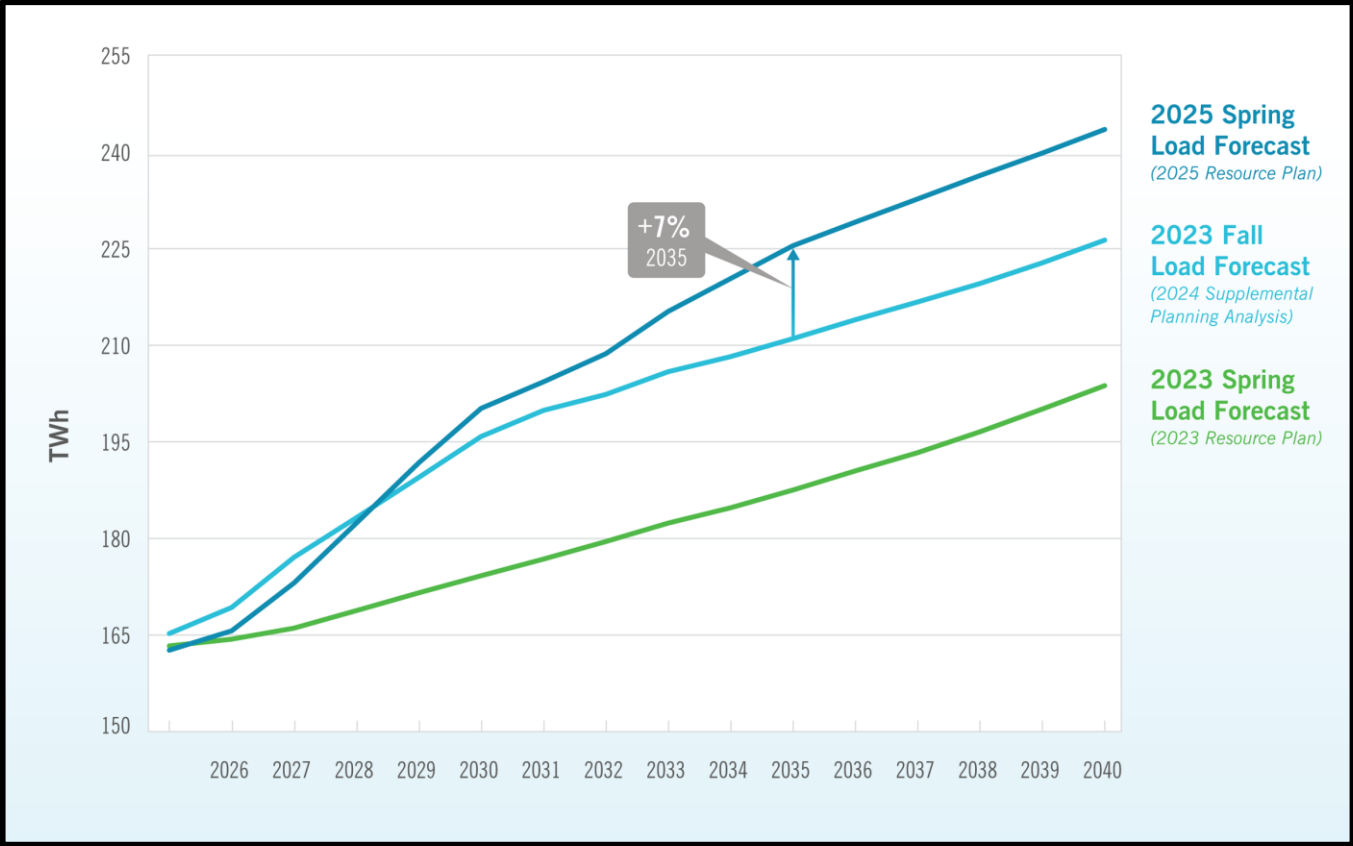


January 13, 2026

How does electricity get to you



North Carolina is growing











Progression of load forecast over time highlights rising energy needs.



- Energy needs over next 15 years will grow at 8x the growth rate of prior 15 years.
- Majority of growth in energy demand from always-on industries.

Reliable Energy Mix

- The 2025 Carolinas Resource Plan is Duke Energy's road map to serve customer growth needs while **protecting reliability** and **keeping costs as low as possible**.
- There have been **significant policy changes** at the state and federal levels.
- To power the robust growth while **maintaining reliability** at the **lowest possible cost**, our recommended **diverse energy mix** has evolved accordingly.

Resource		2023 Resource Plan Additions	2025 Resource Plan
	SOLAR	8,200 MW by 2031 (2024-2031)	7,900 MW by 2033 (2026-2033)
	BATTERY STORAGE	5,560 MW by 2035 Includes standalone & paired storage	6,540 MW by 2035 Includes standalone & paired storage
	CT	2,125 MW by 2033 (5 CTs) ³	2,825 MW by 2033 (7 CTs) ³
	CC	6,800 MW by 2033 (5 CCs) ⁴	6,825 MW by 2033 (5 CCs) ^{4,5}
Long-lead resource development			
	NEW NUCLEAR	600 MW by BOY 2035	1,117 MW by 2037 ⁶ Near-term early development activities will preserve optionality for both SMR and LLWR
	PUMPED STORAGE HYDRO	1,834 MW by 2034	Preserve optionality for 1,760 MW by 2040 for future plan iterations
	ONSHORE WIND	1,200 MW by 2033	Resource need was identified beyond Base Planning Period (beyond 2040)
	OFFSHORE WIND	2,400 MW by 2035	Resource need was identified beyond Base Planning Period (beyond 2040)

Looking ahead: What we are doing to plan for growth in Biltmore Forest and Buncombe County



Improve reliability and resiliency to avoid outages and speed restoration



Strengthen the grid against physical and cyber impacts



Expand renewables & other innovative technologies and enable cleaner energy options

Our work	Results
Asheville Energy Complex	Will generate and restore renewable energy, provide reliability and grid stability. Currently in construction.
Riverside Energy Storage	Will store energy, provide reliability and grid stability. Currently in construction.
Craggy Battery Energy Storage	Will store energy, provides reliability and grid stability. Currently in construction.
Woodfin Solar	Will help the county reach nearly 20% of its 2030 renewable energy goals with locally sourced renewable energy.

Overhead Improvements and Helene Rebuild



Power Line Construction and Upgrades

- Increasing Capacity and Improving Infrastructure
 - Recloser Replacements, Overhead Fuse Replacements, Riser Retrofits
 - Over 50 planned and completed pole replacement

Substation Rebuild

- Ensure utility poles are strong, durable and able to withstand severe weather.
- Increase substation resilience to catastrophic weather events



Town of Biltmore Forest Targeted Undergrounding Utility Project



Grid Improvement Overview



Improve Reliability >

Smart, strategic investments in the utility grid help avoid outages and speed restoration.

[LEARN MORE](#)



Provide More Options and Control >

Faster, real-time information helps you make better decisions to save energy and money.

[LEARN MORE](#)



Strengthen the Grid >

Making the grid more resilient and secure helps protect it against cyber and physical attacks.

[LEARN MORE](#)



Expand Solar and Renewables >

Investing in a two-way grid will help ensure reliability and support growth of more sustainable, cleaner energy sources.

[LEARN MORE](#)

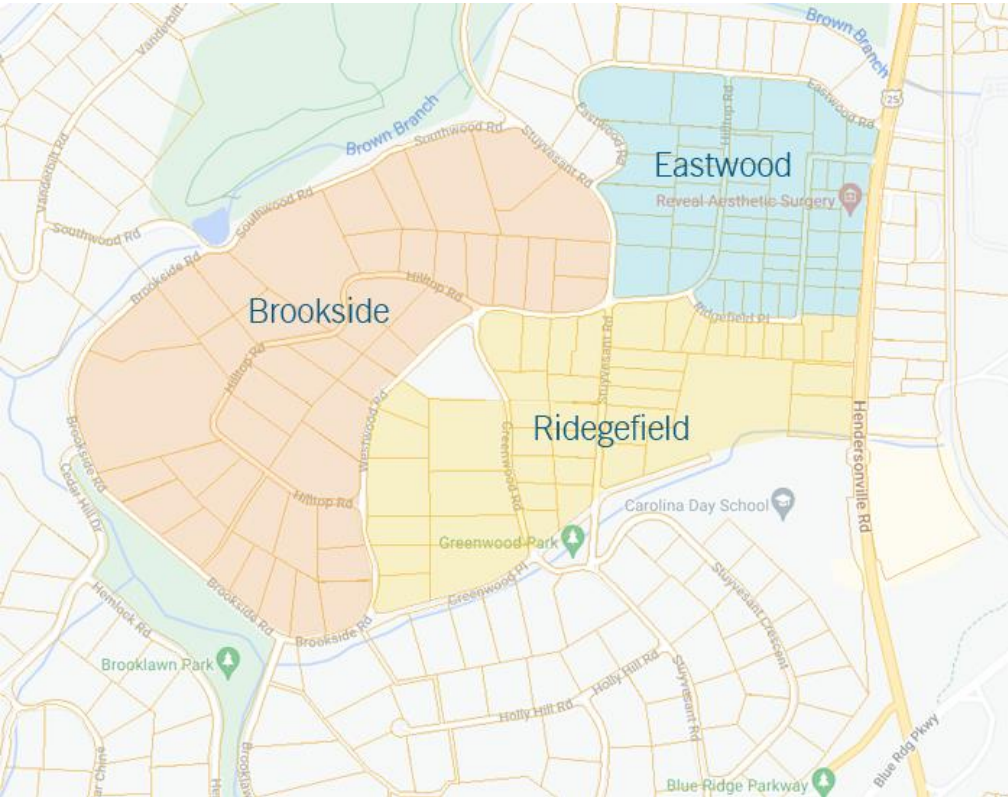
What is Targeted Underground (TUG)

The Targeted Underground Program will focus on undergrounding a select subset of our overhead distribution conductors (tap lines off the main corridor) based on a consistent analytics-based approach.

Our Approach

- All projects benefit customers by decreasing outage frequency and increasing system reliability.
- A fair, analytical approach is employed to select targets. Projects are prioritized based on 10 years of outage data.
- Personalized, professional, and courteous communication with customers happens throughout the project.
- This reliability improvement option is optional for customers. If we do not receive community buy-in, we can shift to another project.

Town of Biltmore Forest Map of South Phase



South of Biltmore Forest Country Club

- **Construction: 2021-2023**
- **Miles of overhead removed = 4.43**
- **Customers impacted = 205**

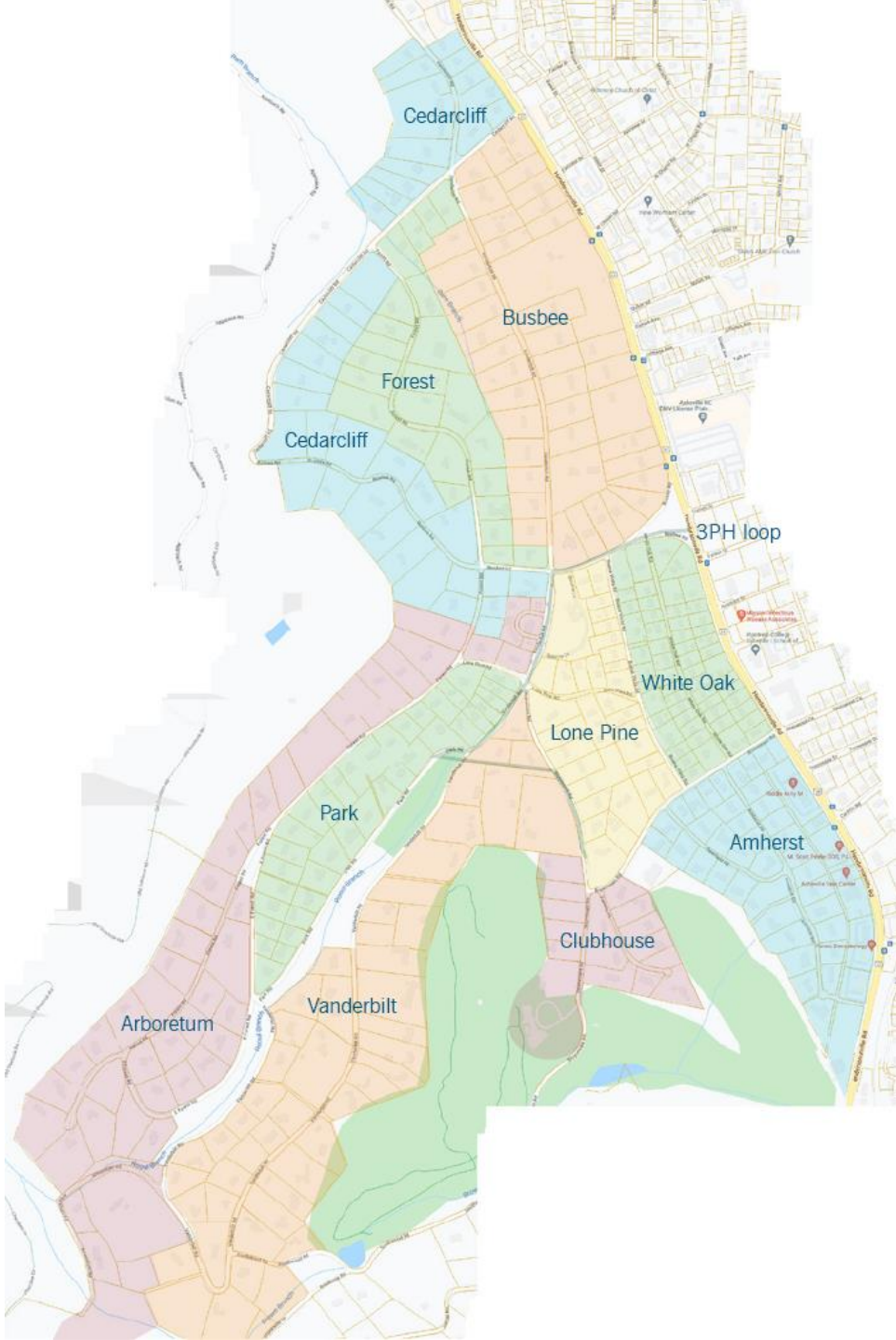
***Construction schedule and completion is contingent upon right of way acquisition, ground conditions, annual budgets, and other variables. Updates to construction schedule will be provided when applicable.*

Town of Biltmore Forest Map of North Phase

North of Biltmore Forest Country Club

- **Construction Year: TBD**
- **Miles of overhead removed = 7.03**
- **Customers impacted = 316**

***Construction schedule and completion is contingent upon right of way acquisition, ground conditions, annual budgets, and other variables. Updates to construction schedule will be provided when applicable.*





355 Vanderbilt Rd

July 5, 2024

UML1 T1 P1 *****SNGLP 400
TOWN HALL
OR CURRENT RESIDENT
355 VANDERBILT RD
ASHEVILLE NC 28803-2950
[Barcode]



1

Dear Town Hall,

As part of our ongoing efforts to build a smarter, cleaner, more reliable energy future, Duke Energy continues to strengthen the electric grid, making it more resistant to outages from severe weather and more resilient to restore power faster when outages occur.

You were notified earlier of opportunities to improve service in your neighborhood through a targeted undergrounding project – placing more vulnerable power lines underground. As we shared then, we want to keep you informed as these projects advance.

Latest Updates

As with any major infrastructure project, schedules may change due to weather, availability of resources and materials and other challenges. Like many other industries, electric utilities are not immune to temporary supply chain challenges, especially around some of the components needed for undergrounding work. To help ensure needed inventories for outage restoration, major storm response and daily operational needs, we are delaying some proactive underground grid improvements, including the one scheduled for your property, until supplies return to more normal levels.

While some underground work is temporarily delayed, we will continue to make other grid improvements that will benefit your community. Ongoing overhead improvements will support upcoming undergrounding projects, like the one planned for your neighborhood, and add increased capabilities to the grid that serve all customers.

Actions for You

As part of our preparations to initiate the undergrounding project in your area, you may have been asked to sign an easement. If you already signed an easement, you will not need to sign again when the project is reinitiated and there is no action for you at this time.

We will notify you when circumstances allow us to revisit this underground project in the future. In the meantime, if I can answer any questions, please feel welcome to contact me at Tyler.VanHook@duke-energy.com.

Kind regards,

Tyler Van Hook
Public Engagement Manager
Targeted Undergrounding

Where are we today?

Update Letter

- Mailed to impacted residents
- Update and next steps

Project Pause

- Projected start date: TBD

***Construction schedule and completion is contingent upon right of way acquisition, ground conditions, annual budgets, and other variables. Updates to construction schedule will be provided when applicable.*

Next Steps.

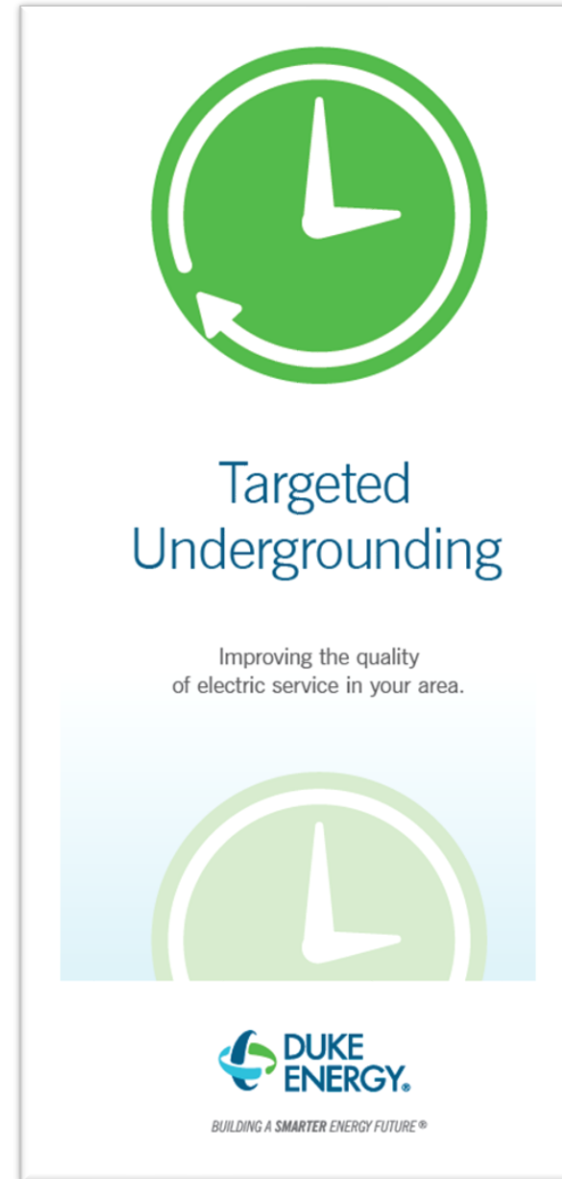
When we resume, work will include:

- Design Phase: Site Evaluation, Easement Areas, Review.
- Installation Phase: Site Preparation, Construction, Property Restoration.

Important Project Facts To Remember:

- A Duke Energy land agent will be contacting you prior to the start of the project in each phase.
- Work will occasionally require planned outage. Customers will be notified in advance of these outages whenever possible.
- Construction equipment and crews will be present in work areas and around the community during this project.
- We will restore ground disruptions once construction is concluded.

- Stakeholder Engagement Manager Contact
 - Tyler Van Hook
 - Tyler.vanhook@duke-energy.com
 - 704-910-7881
 - www.duke-energy.com/our-company/future/biltmore-forest





**TOWN OF BILTMORE FOREST,
NORTH CAROLINA**

Financial Statements and
Supplementary Information

Year Ended June 30, 2025

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Board of Commissioners

George F. Goosmann III, Mayor
Doris P. Loomis, Mayor Pro Tem
Allan Tarleton
Drew Stephens

Administrative and Financial Staff

Jonathan Kanipe, Town Manager
Krystal Curtis, Finance Director
Laura Jacobs, Town Clerk

Chief of Police

Chris Beddingfield

Public Works Director

Harry Buckner

TOWN OF BILTMORE FOREST, NORTH CAROLINA

TABLE OF CONTENTS

	<u>PAGE</u>
FINANCIAL SECTION	
INDEPENDENT AUDITORS' REPORT	1-4
MANAGEMENT'S DISCUSSION AND ANALYSIS	5-15
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	16
Statement of Activities	17
Fund Financial Statements:	
Balance Sheet - Governmental Funds	18
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	19
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	20
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	21
Statement of Revenues, Expenditures, and Changes in Fund Balances - Annual Budget and Actual - General Fund	22
Statement of Fund Net Position - Proprietary Fund	23
Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	24
Statement of Cash Flows - Proprietary Fund	25
Notes to the Financial Statements	26-55

TOWN OF BILTMORE FOREST, NORTH CAROLINA

TABLE OF CONTENTS (continued)

	<u>PAGE</u>
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of the Proportionate Share of Net Pension Liability - Local Government Employees' Retirement System	56
Schedule of Contributions - Local Government Employees' Retirement System	57
Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance	58
Schedule of Total Pension Liability as a Percentage of Covered Payroll	59
Schedule of Town's Proportionate Share of Net OPEB Liability	60
Schedule of Town Contributions - Retiree Health Benefit Fund	61
INDIVIDUAL FUND STATEMENTS AND SCHEDULES	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	62-64
Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP) Water Fund	65
Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget to Actual - Capital Project Fund - Greenwood Park	66
Schedule of Revenues and Expenditures and Changes in Fund Balance - Budget to Actual - Capital Project Fund - Hurricane Helene Recovery	67
OTHER SCHEDULES	
Schedule of Ad Valorem Taxes Receivable	68
Analysis of Current Tax Levy	69

TOWN OF BILTMORE FOREST, NORTH CAROLINA

TABLE OF CONTENTS (continued)

	<u>PAGE</u>
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	70-71
Independent Auditors' Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; in Accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act	72-74
Independent Auditors' Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance; in Accordance with OMB Uniform Guidance; and the State Single Audit Implementation Act	75-77
Schedule of Findings and Questioned Costs	78-80
Corrective Action Plan	81
Summary of Prior Audit Findings	82
Schedule of Expenditures of Federal and State Awards	83-84

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Members of the Board of Commissioners
Town of Biltmore Forest, 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 Biltmore Forest, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town'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 Biltmore Forest, 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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Biltmore Forest, 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 Audit of the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Biltmore Forest'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' Responsibility 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 GAAS and *Governmental 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 GAAS 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 Biltmore Forest'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 Biltmore Forest's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5 through 14, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of Net Pension Liability and Contributions, on pages 56 and 57, 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 58 and 59, respectively, and the Other Postemployment Benefits' Schedules of the Proportionate Share of Net OPEB Liability and Contributions, on pages 60 and 61, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Biltmore Forest's basic financial statements. The individual fund statements, budgetary schedules, and other schedules as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This 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 Biltmore Forest, North Carolina
Page 4

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2025, on our consideration of Town of Biltmore Forest's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Biltmore Forest'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 Biltmore Forest's internal control over financial reporting and compliance.

CARTER, P.C.

Asheville, North Carolina
December 16, 2025

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Management's Discussion and Analysis

As management of the Town of Biltmore Forest (the "Town"), we offer readers of the Town of Biltmore Forest's financial statements this narrative overview and analysis of the financial activities of the Town of Biltmore Forest 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 \$4,207,869 (*net position*).
- The government's total net position decreased by \$3,492,729, primarily due to cost incurred from storm clean-up efforts.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$2,164,131, with a net decrease of \$3,415,790 in fund balance. Approximately 25% of this total amount, or \$534,164 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,232,936 or 46% of total general fund expenditures.
- The Town's total debt increased by \$2,507,322 (46%) during the current fiscal year. The key factors in this increase were an OPEB obligation increase of \$1,074,883. A cashflow loan of \$1,028,198. Financing lease agreements entered into during the year resulted in an increase of \$318,334. Increases were partially offset by scheduled principal payments of \$167,541.

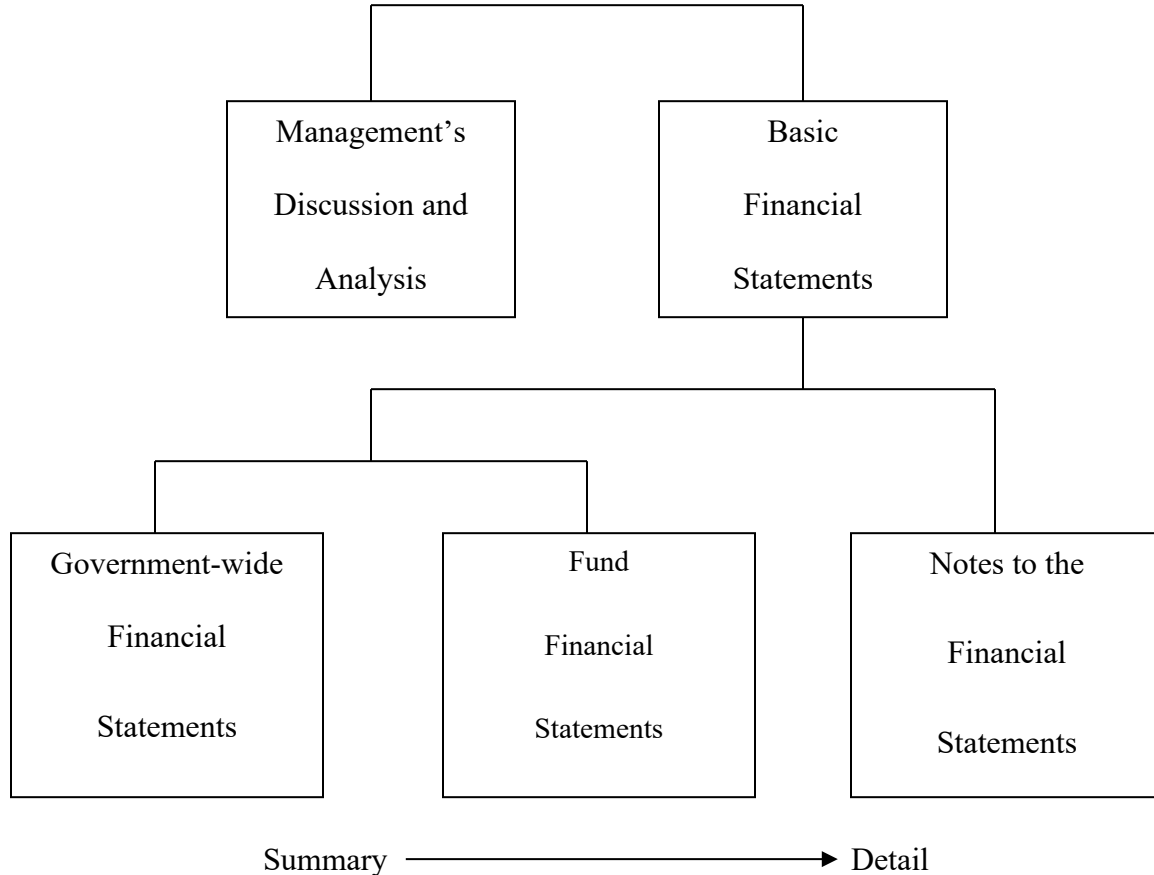
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Biltmore Forest'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 Biltmore Forest.

TOWN OF BILTMORE FOREST, 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; and 3) the proprietary fund statements.

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

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, streets and public works, 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 of Biltmore Forest.

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 Biltmore Forest, 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 the funds of the Town of Biltmore Forest 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 BILTMORE FOREST, NORTH CAROLINA

The Town of Biltmore Forest 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 Biltmore Forest 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 Biltmore Forest 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.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 25 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 56 of this report.

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Government-Wide Financial Analysis

Town of Biltmore Forest's Net Position Figure 2

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 2,517,790	\$ 5,398,058	\$ 970,224	\$ 773,882	\$ 3,488,014	\$ 6,171,940
Capital assets	<u>6,336,944</u>	<u>4,813,506</u>	<u>1,413,517</u>	<u>1,580,486</u>	<u>7,750,461</u>	<u>6,393,992</u>
Total assets	<u>8,854,734</u>	<u>10,211,564</u>	<u>2,383,741</u>	<u>2,354,368</u>	<u>11,238,475</u>	<u>12,565,932</u>
Total deferred outflows of resources	<u>2,514,530</u>	<u>2,049,429</u>	<u>207,748</u>	<u>172,052</u>	<u>2,722,278</u>	<u>2,221,481</u>
Long-term liabilities outstanding	7,317,151	4,955,645	414,768	330,048	7,731,919	5,285,693
Other liabilities	<u>1,087,004</u>	<u>328,211</u>	<u>83,330</u>		<u>1,170,334</u>	<u>328,211</u>
Total liabilities	<u>8,404,155</u>	<u>5,283,856</u>	<u>498,098</u>	<u>330,048</u>	<u>8,902,253</u>	<u>5,613,904</u>
Total deferred inflows of resources	<u>800,978</u>	<u>1,219,742</u>	<u>49,653</u>	<u>75,695</u>	<u>850,631</u>	<u>1,295,437</u>
Net position:						
Net investment in capital assets	4,409,682	4,064,785	1,413,517	1,580,486	5,823,199	5,645,271
Restricted	534,164	501,054			534,164	501,054
Unrestricted	<u>(2,779,715)</u>	<u>1,191,556</u>	<u>630,221</u>	<u>540,191</u>	<u>(2,149,494)</u>	<u>1,731,747</u>
Total net position	<u>\$ 2,164,131</u>	<u>\$ 5,757,395</u>	<u>\$ 2,043,738</u>	<u>\$ 2,120,677</u>	<u>\$ 4,207,869</u>	<u>\$ 7,878,072</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 Biltmore Forest exceeded liabilities and deferred inflows by \$4,207,869 as of June 30, 2025. The Town's net position increased by \$3,492,729 for the fiscal year ended June 30, 2025. However, the largest portion reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Biltmore Forest uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Biltmore Forest'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, \$534,164, 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 99.62%.
- Continued efforts in cost savings by Town management.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Town of Biltmore Forest'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	\$ 46,662	\$ 36,414	\$ 1,116,229	\$ 931,214	\$ 1,162,891	\$ 967,628
Operating grants and contributions	6,527,596	306,721			6,527,596	306,721
General revenues:						
Property taxes	3,214,436	3,145,159			3,214,436	3,145,159
Sales taxes	1,434,555	1,502,624			1,434,555	1,502,624
Franchise and utilities taxes	282,491	264,071			282,491	264,071
Alcohol beverage tax	5,614	6,585			5,614	6,585
Gasoline tax	4,667				4,667	
Investment earnings	160,612	239,541	4,595	5,439	165,207	244,980
Miscellaneous	235,356	101,897			235,356	101,897
Total revenues	<u>11,911,989</u>	<u>5,603,012</u>	<u>1,120,824</u>	<u>936,653</u>	<u>13,032,813</u>	<u>6,539,665</u>
Expenses:						
General government	8,535,687	614,745			8,535,687	614,745
Public safety	3,184,321	2,463,611			3,184,321	2,463,611
Transportation	1,507,863	516,562			1,507,863	516,562
Physical development	1,215,003	1,336,176			1,215,003	1,336,176
Interest on long-term debt	47,036	29,589			47,036	29,589
Water			<u>1,197,763</u>	<u>1,140,222</u>	<u>1,197,763</u>	<u>1,140,222</u>
Total expenses	<u>15,327,779</u>	<u>4,960,683</u>	<u>1,197,763</u>	<u>1,140,222</u>	<u>16,525,542</u>	<u>6,100,905</u>
Increase (decrease) in net position	(3,415,790)	642,329	(76,939)	(203,569)	(3,492,729)	438,760
Net position, beginning	5,757,395	5,115,066	2,120,677	2,324,246	7,878,072	7,439,312
Restatement	(177,474)				(177,474)	
Net position, beginning restated	<u>5,579,921</u>	<u>5,115,066</u>	<u>2,120,677</u>	<u>2,324,246</u>	<u>7,700,598</u>	<u>7,439,312</u>
Net position, ending	<u>\$ 2,164,131</u>	<u>\$ 5,757,395</u>	<u>\$ 2,043,738</u>	<u>\$ 2,120,677</u>	<u>\$ 4,207,869</u>	<u>\$ 7,878,072</u>

Governmental activities. Governmental activities decreased the Town's net position by \$3,415,790. The decrease in net position was the result of storm clean-up efforts Town management acknowledges that 2025 was not a successful year and plans on improving its approaches to realize continued fiscal health.

Business-type activities. Business-type activities decreased the Town of Biltmore Forest's net position by \$76,939. The key elements of this decrease were depreciation of the water system and increased costs of providing pensions to employees. The Town does not have control over the costs of providing pensions, these costs are actuarially determined each year.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Financial Analysis of the Town's Funds

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

Governmental Funds. The focus of the Town of Biltmore Forest'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 Biltmore Forest'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 \$3,202,153 while total fund balance reached \$3,769,329. The Governing Body of the Town of Biltmore Forest has determined that the Town should maintain an available fund balance of 25-35% of general fund 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 43.28% of budgeted general fund expenditures, and total fund balance represents 50.95% of the same amount.

At June 30, 2025, governmental funds reported a combined fund balance of \$1,620,400, with a net decrease in fund balance of \$3,405,597.

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.

For the year ended June 30, 2025, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for debt service by \$29,691 which is due to budgeting for the repayment of new lease arrangements not budgeted in debt service in the current year.

Proprietary Fund. The Town of Biltmore Forest'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 \$630,221. The total change in net position for the Water Fund was (\$76,939). The change in net position in the Water Fund is primarily a result of depreciation on the water system and increased expenses related water and sewer purchases.

Capital Asset and Debt Administration

Capital assets. The Town of Biltmore Forest's investment in capital assets for its governmental and business-type activities as of June 30, 2025, totals \$7,750,461 (net of accumulated depreciation). These assets include buildings, roads and bridges, land, machinery and equipment, park facilities, and vehicles.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Major capital asset transactions during the year include the following:

- Cub Cadet Utility Vehicle
- Greenwood Park and 5 Points Projects
- Police firearms and vehicle upfitting
- Purchase of two police vehicles and right of use assets for six vehicles

**Town of Biltmore Forest's Capital Assets
(net of depreciation)
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	\$ 176,441	\$ 176,441	\$	\$	\$ 176,441	\$ 176,441
Construction in progress	52,006	644,187			52,006	644,187
Buildings and systems	1,876,403	1,941,318	1,412,526	1,579,156	3,288,929	3,520,474
Improvements other than buildings	202,421	207,940			202,421	207,940
Equipment and furniture	202,938	155,853			202,938	155,853
Vehicles and motorized equipment	302,692	277,773	991	1,330	303,683	279,103
Infrastructure	3,070,373	1,158,786			3,070,373	1,158,786
Right of use assets	453,670	251,208			453,670	251,208
Total	<u>\$ 6,336,944</u>	<u>\$ 4,813,506</u>	<u>\$ 1,413,517</u>	<u>\$ 1,580,486</u>	<u>\$ 7,750,461</u>	<u>\$ 6,393,992</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 Biltmore Forest had total debt outstanding of \$7,936,260. The installment debt is backed by security interest in the property for which it was issued. The remainder of the Town's debt represents compensated absences and pension and OPEB related debt and is backed by the full faith and credit of the Town.

**Town of Biltmore Forest's Outstanding Debt
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Installment debt	\$ 1,490,177	\$ 552,527	\$	\$	\$ 1,490,177	\$ 552,527
Leased liabilities	437,085	196,194			437,085	196,194
OPEB	3,402,991	2,403,189	282,178	207,097	3,685,169	2,610,286
Pension related debt (LGERS)	1,415,252	1,379,464	117,354	118,877	1,532,606	1,498,341
Pension related debt (LEO)	396,504	490,124			396,504	490,124
Compensated absences	379,483	77,392	15,236	4,074	394,719	81,466
Total	<u>\$ 7,521,492</u>	<u>\$ 5,098,890</u>	<u>\$ 414,768</u>	<u>\$ 330,048</u>	<u>\$ 7,936,260</u>	<u>\$ 5,428,938</u>

The Town's total debt increased by \$2,507,322 (46%) during the current fiscal year. The key factors in this increase were an OPEB obligation increase of \$1,074,883. A cashflow loan of \$1,028,198. Financing lease agreements entered into during the year resulted in an increase of \$318,334. Increases were partially offset by scheduled principal payments of \$167,541.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

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 Biltmore Forest is \$74,626,350.

Additional information regarding the Town of Biltmore Forest'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:

- The Town's FY25 budget was approved prior to Hurricane Helene devastating the area on September 27, 2024. As a result, previously estimated sales tax forecasts were reduced dramatically throughout the year as the region responded and began to recover.
- The Town continues working with the Federal Emergency Management Agency (FEMA) and has adopted a grant project ordinance for reimbursement for the storm clean-up. The Town's current estimate for this work is just over \$11,000,000.
- The debris removal for the Town of Biltmore Forest, as a result of Hurricane Helene, is extensive. The contractor's initial estimate was 340,000 cubic yards of vegetative debris. When removal concluded on September 12, 2025, the contractor had removed just over 405,000 cubic yards of vegetative debris from the Town's public rights of way, waterways, and park areas. This is the equivalent of four (4) football fields, sixty-six (66) feet deep in debris. The full cost for debris removal is anticipated to be \$10,628,066.20. The remaining costs for FEMA related reimbursements are for other emergency protective measures and recovery from the storm.

Budget Highlights for the Fiscal Year Ending June 30, 2026

Governmental Activities

The FY25-26 budget prioritizes operational stability, employee support, and strategic capital investment. The Board of Commissioners held a strategic planning retreat in February 2025. This retreat provided Board members with an opportunity to coalesce around specific goals for the Town. The FY26 budget reflects the Board of Commissioners adopted strategic goals, especially in the areas of employee retention, infrastructure improvements, and Helene-related recovery efforts. The three primary goals, with specific action items attached to them, are as follows:

1. Provide Excellent Town Services

- Identify the ideal staffing plan needed to sustain excellent Town services
- Continue a fiscally responsible, interactive budget development process
- Modernize government functions; improve technology systems
- Develop a community communication strategy

TOWN OF BILTMORE FOREST, NORTH CAROLINA

2. Complete Clean-up and Recovery from TS Helene
 - Cleanup and restore public property
 - Conduct streambank, park and right of way clean-up and restoration
 - Create and implement a strategy for wildfire mitigation in town
 - Maintain Forest Environment in Town
 - Plant substantial amounts of new native trees
3. Foster Biltmore Forest's sense of place through quality government facilities.
 - Realize vision for new Town Facilities
 - Identify strategies to maintain and conserve Town's historic infrastructure
 - Plan for infrastructure improvement

The FY26 budget strives to complete these goals through the following capital projects and investment.

1. Continued stormwater infrastructure upgrades consistent with the Town's approved stormwater master plan
2. Continued improvements within the Police Department related to recording systems, camera systems, and vehicle improvements
3. Restoration and clean-up projects stemming from Hurricane Helene
4. Technological improvements to provide greater availability to data for Town staff and citizens via GIS programs
5. Road repaving and improvements

Most notably, the Town has focused on a major capital initiative for FY26 through FY28 - the construction of a new Police Department facility and a Public Works maintenance and equipment facility. As of this report, the Town has schematic designs in place for these projects and has selected a Construction Manager at Risk (CMAR) firm to fully implement these plans.

Business Type Activities

- The Town continues to alter its water rate structure for FY26. This was the result of increases in the City of Asheville's water rate structure and an analysis by an outside consultant that showed significant imbalance in the Town's enterprise fund if no changes were made.
- By varying the base unit charge by meter size, the proposed increases reflect the most equitable allocation of costs available to the Town. The proposed base unit charge changes would result in an approximately \$49 per customer increase for the Town's residential customers that make up most of the Town's system. The increases for users with larger than one inch diameter meters would be much more dramatic but accurately reflect the increase in water volume available to each user with a larger meter.
- The proposed changes for the volumetric rate (i.e. water rate) are not as dramatic as the base unit charges for the average user. The Board also reduced the number of tiers from four to three.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

- The Town would generate an additional \$55,140 from both the base unit charge increase and volumetric increase in FY26. For comparison purposes, in subsequent years, the Town would generate an additional \$114,692 in FY27. These revenue increases allow the Town to compensate for the wholesale increases from the City of Asheville and fund the Town's capital outlay and/or depreciation costs within the water system.

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 Biltmore Forest, 355 Vanderbilt Road, Biltmore Forest, North Carolina 28803. One can also call (828) 274-0824, visit our website www.biltmoreforest.org, or send an email to townhall@biltmoreforest.org for more information.

BASIC FINANCIAL STATEMENTS

Exhibit 1**TOWN OF BILTMORE FOREST, NORTH CAROLINA**Statement of Net Position
June 30, 2025

	Primary Government		
	Governmental Activities	Business-type Activities	Total
Assets			
Current assets:			
Cash and cash equivalents	\$ 2,001,527	\$ 789,804	\$ 2,791,331
Accounts receivable (net)	12,130	169,320	181,450
Due from other governments	501,904		501,904
Inventories	2,229	11,100	13,329
Total current assets	<u>2,517,790</u>	<u>970,224</u>	<u>3,488,014</u>
Noncurrent assets:			
Capital assets:			
Land and construction in progress	228,447		228,447
Right-of-use leased assets, net of amortization	453,670		453,670
Other capital assets, net of depreciation	5,654,827	1,413,517	7,068,344
Total capital assets	<u>6,336,944</u>	<u>1,413,517</u>	<u>7,750,461</u>
Total assets	<u>\$ 8,854,734</u>	<u>\$ 2,383,741</u>	<u>\$ 11,238,475</u>
Deferred outflows of resources			
Pension deferrals	<u>\$ 2,514,530</u>	<u>\$ 207,748</u>	<u>\$ 2,722,278</u>
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 882,663	\$ 83,330	\$ 965,993
Current portion of long-term liabilities	<u>204,341</u>		<u>204,341</u>
Total current liabilities	1,087,004	83,330	1,170,334
Long-term liabilities:			
Due in more than one year	<u>7,317,151</u>	<u>414,768</u>	<u>7,731,919</u>
Total liabilities	<u>\$ 8,404,155</u>	<u>\$ 498,098</u>	<u>\$ 8,902,253</u>
Deferred inflows of resources			
Prepaid taxes	\$ 2,597	\$	\$ 2,597
Pension deferrals	<u>798,381</u>	<u>49,653</u>	<u>848,034</u>
Total deferred inflows of resources	<u>\$ 800,978</u>	<u>\$ 49,653</u>	<u>\$ 850,631</u>
Net position			
Net investment in capital assets	\$ 4,409,682	\$ 1,413,517	\$ 5,823,199
Restricted:			
Stabilization by State Statute	534,164		534,164
Unrestricted	<u>(2,779,715)</u>	<u>630,221</u>	<u>(2,149,494)</u>
Total net position	<u>\$ 2,164,131</u>	<u>\$ 2,043,738</u>	<u>\$ 4,207,869</u>

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

Exhibit 2

TOWN OF BILTMORE FOREST, 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	Govern- mental Activities	Business- type Activities	Total
Primary government:							
Governmental activities:							
General government	\$ 9,373,556	\$ 46,662	\$ 6,445,730	\$	\$ (2,881,164)	\$	\$ (2,881,164)
Public safety	3,184,321		7,500		(3,176,821)		(3,176,821)
Transportation	1,507,863		80,773		(1,427,090)		(1,427,090)
Physical development	1,215,003		1,093		(1,213,910)		(1,213,910)
Interest on long-term debt	47,036				(47,036)		(47,036)
Total governmental activities	15,327,779	46,662	6,535,096		(8,746,021)		(8,746,021)
Business-type activities:							
Water	1,197,763	1,116,229				(81,534)	(81,534)
Total primary government	<u>\$ 16,525,542</u>	<u>\$ 1,162,891</u>	<u>\$ 6,535,096</u>	<u>\$</u>	<u>(8,746,021)</u>	<u>(81,534)</u>	<u>(8,827,555)</u>
General revenues:							
Taxes:							
Property taxes, levied for general purpose					3,214,436		3,214,436
Sales taxes					1,434,555		1,434,555
Franchise and utilities taxes					282,491		282,491
Alcohol beverage tax					5,614		5,614
Unrestricted investment earnings					160,612	4,595	165,207
Miscellaneous					232,523		232,523
Total general revenues					<u>5,330,231</u>	<u>4,595</u>	<u>5,334,826</u>
Change in net position					<u>(3,415,790)</u>	<u>(76,939)</u>	<u>(3,492,729)</u>
Beginning net position, as previously reported					5,757,395	2,120,677	7,878,072
Restatement					<u>(177,474)</u>		<u>(177,474)</u>
Beginning net position, restated					5,579,921	2,120,677	7,700,598
Net position, ending					<u>\$ 2,164,131</u>	<u>\$ 2,043,738</u>	<u>\$ 4,207,869</u>

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Balance Sheet
Governmental Funds
June 30, 2025

	Major Funds		Total	
	General	Hurricane	Nonmajor	Total
	Fund	Helene	Funds	
		Fund		
Assets				
Cash and cash equivalents	\$4,150,456	\$(2,148,929)		\$2,001,527
Due from other governments	501,904			501,904
Inventories	2,229			2,229
Total assets	<u>\$4,654,589</u>	<u>\$(2,148,929)</u>		<u>\$2,505,660</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 882,663	\$	\$	\$ 882,663
Deferred inflows of resources				
Prepaid property taxes	2,597			2,597
Total deferred inflows of resources	<u>2,597</u>			<u>2,597</u>
Fund balances				
Nonspendable:				
Inventories	2,229			2,229
Restricted:				
Stabilization by State statute	534,164			534,164
FEMA expenditures		(2,148,929)		(2,148,929)
Assigned:				
Encumbrances	30,783			30,783
Unassigned	<u>3,202,153</u>			<u>3,202,153</u>
Total fund balances	<u>3,769,329</u>	<u>(2,148,929)</u>		<u>1,620,400</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$4,654,589</u>	<u>\$(2,148,929)</u>	<u>\$</u>	<u>\$2,505,660</u>

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

Exhibit 3**TOWN OF BILTMORE FOREST, NORTH CAROLINA**

Balance Sheet
Governmental Funds (continued)
June 30, 2025

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

Total Fund Balances, Governmental Funds		\$ 1,620,400
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 10,186,745	
Accumulated depreciation	<u>(4,303,471)</u>	5,883,274
Right of use leased capital assets	618,316	
Accumulated amortization for leased assets	<u>(164,646)</u>	453,670
Deferred outflows of resources related to pensions are not reported in the funds		793,922
Deferred outflows of resources related to OPEB are not reported in the funds		1,720,608
Earned revenues considered deferred inflows of resources in fund statements		12,130
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds		
Gross long-term debt	(1,490,177)	
Lease liability	(437,085)	
Accrued compensated absences	(379,483)	
Net pension liability	(396,504)	
Total pension liability	(1,415,252)	
OPEB liability	<u>(3,402,991)</u>	(7,521,492)
Deferred inflows of resources related to pensions are not reported in the funds		(224,957)
Deferred inflows of resources related to OPEB are not reported in the funds		<u>(573,424)</u>
Net position of governmental activities		<u>\$ 2,164,131</u>

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

Exhibit 4**TOWN OF BILTMORE FOREST, NORTH CAROLINA**Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds

For the Year Ended June 30, 2025

	Major Funds		Total	
	General	Hurricane	Nonmajor	Total
	Fund	Helene	Funds	
		Recovery		
Revenues				
Ad valorem taxes	\$ 3,207,615	\$		\$ 3,207,615
Unrestricted intergovernmental	1,727,327			1,727,327
Restricted intergovernmental	81,866	6,268,072	177,658	6,527,596
Permits and fees	46,662			46,662
Investment earnings	160,612			160,612
Miscellaneous	235,356			235,356
Total revenues	\$5,459,438	\$ 6,268,072	\$ 177,658	\$11,905,168
Expenditures				
Current:				
General government	1,209,807	9,445,199		10,655,006
Public safety	3,149,579			3,149,579
Transportation	1,492,628			1,492,628
Physical development	967,399		177,658	1,145,057
Debt service:				
Principal	167,991			167,991
Interest and other charges	47,036			47,036
Total expenditures	7,034,440	9,445,199	177,658	16,657,297
Excess of revenues over expenditures	(1,575,002)	(3,177,127)		(4,752,129)
Other financing sources				
Financing proceeds long-term debt	318,334	1,028,198		1,346,532
Total other financing sources	318,334	1,028,198		1,346,531
Net change in fund balance	(1,256,668)	(2,148,929)		(3,405,597)
Fund balance, beginning	5,025,997			5,025,997
Fund balance, ending	\$ 3,769,329	\$ (2,148,929)	\$	\$ 1,620,400

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

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		\$ (3,405,597)
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		
Capital outlay expenditures which were capitalized	\$ 1,985,360	
Net book value of capital assets which were sold		
Depreciation expense for governmental assets	<u>(461,922)</u>	1,523,438
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds		6,821
Contributions to the pension plan in the current fiscal year are not included in the statement of activities		327,948
OPEB benefit payments and administrative cost made in the current fiscal year are not included in the statement of activities		162,312
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments on long-term debt		167,991
Proceeds from long-term debt		(1,028,198)
Proceeds from capital leases		(318,334)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(124,617)	
Pension expense – OPEB	(359,363)	
Pension expense – LGERS	(378,066)	
Pension expense – LEOSA	<u>9,875</u>	<u>(852,171)</u>
Total changes in net position of governmental activities		<u>\$ (3,415,790)</u>

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

Exhibit 5**TOWN OF BILTMORE FOREST, NORTH CAROLINA**

General Fund

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

	<u>Original</u>	<u>Final</u>	<u>Actual Amounts</u>	<u>Variance with final budget- positive (negative)</u>
Revenues				
Ad valorem taxes	\$ 3,170,293	\$ 3,200,838	\$ 3,207,615	\$ 6,777
Unrestricted intergovernmental	1,805,135	1,880,913	1,727,327	(153,586)
Restricted intergovernmental	76,000	81,866	81,866	
Permits and fees	31,300	45,247	46,662	1,415
Investment earnings	233,333	151,729	160,612	8,883
Miscellaneous	88,800	210,791	235,356	24,565
Total revenues	<u>5,404,861</u>	<u>5,571,384</u>	<u>5,459,438</u>	<u>(111,946)</u>
Expenditures				
Current:				
General government	1,472,628	1,254,027	1,209,807	44,220
Public safety	2,474,730	3,252,778	3,149,579	103,199
Transportation	1,339,100	1,682,033	1,492,628	189,405
Physical development	1,236,403	1,025,167	967,399	57,768
Debt service:				
Principal retirement	98,811	152,311	167,991	(15,680)
Interest and other charges	12,025	33,025	47,036	(14,011)
Total expenditures	<u>6,633,697</u>	<u>7,399,341</u>	<u>7,034,440</u>	<u>364,901</u>
Revenues over (under) expenditures	<u>(1,228,836)</u>	<u>(1,827,957)</u>	<u>(1,575,002)</u>	<u>252,955</u>
Other financing sources (uses)				
Sales of capital assets	14,970			
Proceeds from long-term debt			318,334	318,334
Total other financing sources (uses)	<u>14,970</u>		<u>318,334</u>	<u>318,334</u>
Appropriated fund balance	<u>1,213,866</u>	<u>1,827,957</u>		<u>(1,827,957)</u>
Net change in fund balance	<u>\$</u>	<u>\$</u>	<u>(1,256,668)</u>	<u>\$(1,256,668)</u>
Fund balance, beginning			<u>5,025,997</u>	
Fund balance, ending			<u>\$ 3,769,329</u>	

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

Exhibit 6**TOWN OF BILTMORE FOREST, NORTH CAROLINA**Statement of Fund Net Position
Proprietary Fund
June 30, 2025**Assets**

Current assets:

Cash and cash equivalents	\$ 789,804
Accounts receivable (net)	169,320
Inventories	<u>11,100</u>
Total current assets	970,224

Noncurrent assets:

Capital assets, net of depreciation	<u>1,413,517</u>
-------------------------------------	------------------

Total assets	<u>\$ 2,383,741</u>
--------------	---------------------

Deferred outflows of resources	<u>\$ 207,748</u>
---------------------------------------	-------------------

Liabilities

Current liabilities:

Accounts payable	74,311
Accrued liabilities	9,019

Noncurrent liabilities:

Compensated absences	\$ 15,236
Net pension liability	117,354
Total OPEB liability	<u>282,178</u>
Total noncurrent liabilities	<u>414,768</u>

Total liabilities	<u>\$ 498,098</u>
-------------------	-------------------

Deferred inflows of resources	<u>\$ 49,653</u>
--------------------------------------	------------------

Net position

Net investment in capital assets	\$ 1,413,517
Unrestricted	<u>630,221</u>
Total net position	<u>\$ 2,043,738</u>

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

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

Operating revenues

Water sales	\$ 1,069,334
Water tap and connection fees	28,870
AMI transmitter charges	8,387
Commissions, sewer charge collection	<u>9,638</u>
Total operating revenues	<u>1,116,229</u>

Operating expenses

Salaries	196,796
Payroll taxes	13,218
Employee benefits	93,924
Maintenance and supplies	47,233
Water and sewer purchases	656,539
Professional services	21,455
Depreciation	166,969
Training and education	<u>1,629</u>
Total operating expenses	<u>1,197,763</u>

Operating loss (81,534)

Nonoperating revenues

Investment earnings	<u>4,595</u>
---------------------	--------------

Change in net position (76,939)

Net position, beginning 2,120,677

Total net position, ending \$ 2,043,738

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

Exhibit 8**TOWN OF BILTMORE FOREST, NORTH CAROLINA**

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

Cash flows from operating activities

Cash received from customers	\$ 1,062,055
Cash paid for goods and services	(652,545)
Cash paid to or on behalf of employees for services	<u>(271,937)</u>
Net cash provided by operating activities	<u>137,573</u>

Cash flows from investing activities

Interest	<u>4,595</u>
Net increase in cash and cash equivalents	142,168
Balances, beginning	<u>647,636</u>
Balances, ending	<u>\$ 789,804</u>

Reconciliation of operating loss to net cash
used by operating activities:

Operating loss	\$ (81,534)
Adjustments to reconcile operating loss to net cash used by operating activities:	
Depreciation	166,969
Changes in assets, and deferred outflows, liabilities, and deferred inflows of resources:	
Increase in accounts receivable	(54,174)
Increase in accrued liabilities	83,330
Increase in accrued absences	11,162
Increase in deferred outflows of resources - pensions	10,382
Decrease in deferred outflows of resources - OPEB	(46,078)
Increase in net pension liability	(1,523)
Decrease in OPEB liability	75,081
Decrease in deferred inflows of resources - pensions	677
Increase in deferred inflows of resources - OPEB	<u>(26,719)</u>
Total adjustments	<u>219,107</u>
Net cash provided by operating activities	<u>\$ 137,573</u>

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

TOWN OF BILTMORE FOREST, 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 Biltmore Forest (the Town) 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 is a municipal corporation that is governed by an elected mayor and a three-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)

B. Basis of Presentation

The Town reports the following major governmental funds:

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

Hurricane Helene Recovery Fund: The fund was established to account for funds received and expended related to recovery efforts from damage caused by Hurricane Helene.

The Town reports the following non-major governmental fund:

Capital Project Fund – Greenwood Park: The fund was established to account for the design and construction of Greenwood Park.

The Town reports the following major enterprise fund:

Water Fund. This fund is used to account for the Town's water operations.

C. Measurement Focus and Basis of Accounting

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

Government-wide and Proprietary Fund Financial Statements. The government-wide and proprietary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary 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 principal ongoing operations.

Note 1 - Summary of Significant Accounting Policies (continued)

C. Measurement Focus and Basis of Accounting

The principal 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 system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town considers all revenues available if they are collected within 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 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 of Biltmore Forest 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.

Note 1 - Summary of Significant Accounting Policies (continued)

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. A project ordinance is adopted for the Capital Project Fund. 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. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year, or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

1. Deposits and Investments

All deposits of the Town 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 mutual fund shares when the mutual fund is certified by the Local Government Commission. The Town's investments are generally reported at fair value.

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC-registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8). The Government Portfolio is a 2a-7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAAmf by Moody's Investor Services and it is reported at fair value.

Note 1 - Summary of Significant Accounting Policies (continued)

1. Deposits and Investments (continued)

Cash and Cash Equivalents

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

2. 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 of January 1, 2024.

3. 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.

4. 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 and fuel that are recorded 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.

5. 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, \$5,000; and computer equipment, \$500. 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

Note 1 - Summary of Significant Accounting Policies (continued)

6. Capital Assets (continued)

water system assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings and system	40
Infrastructure	5-20
Equipment and furniture	3-10
Vehicles and motorized equipment	5-10
Computer equipment	3
Computer software	3
Substations, lines, and related equipment	40
Other improvements	10-40

7. Right to use assets

The Town has recorded right to use assets in association with agreements where the Town reports a lease as the lessee. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

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. The Town has two items that meet this criterion - pension and OPEB related deferrals for the 2024 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category - prepaid taxes, property taxes receivable, revenue related to American Rescue Plan Act, and pension and OPEB related deferrals.

Note 1 - Summary of Significant Accounting Policies (continued)

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.

In fund financial statements, the face amount of debt issued is reported as other financing sources. Issuance costs, whether withheld from the actual debt proceeds received or not, are reported as debt service expenditures.

10. Compensated Absences

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

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. With the implementation of GASB No. 101, *Compensated Absences* the Town will estimate what sick leave is "more likely than not to be paid or used" and recognized that portion as a liability for compensated absences and salary-related payments are recorded as the leave is earned and are accounted for on a LIFO basis, assuming that employees are taking leave time as it is earned.

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 externally imposed either by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are 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.

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

Note 1 - Summary of Significant Accounting Policies (continued)

Fund Balances (continued)

Assigned Fund Balance - portion of fund balance that the Town of Biltmore Forest 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 Biltmore Forest has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Town Manager 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 Town Manager has the authority to deviate from this policy if it is in the best interest of the Town.

The Town has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is in the range of 25-35% of budgeted expenditures. Any portion of the general fund balance in excess of 35% 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 Pension Plan and Other Post Employment Benefit (OPEB) Plan

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

13. Defined Benefit Pension Plan and Other Post Employment Benefit (OPEB) Plan (continued)

The Town of Biltmore Forest'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 and RHBF. Investments are reported at fair value.

F. Contract for Fire Suppression Service and Emergency Medical Service

During the fiscal year ended June 30, 2014, the Town entered into an agreement with Skyland Fire and Rescue Corporation, a municipal corporation, through which Skyland Fire and Rescue would provide fire protection services and emergency medical services for the Town. The initial term of the contract is for 15 years, ending on September 1, 2028, with the option to continue with mutually agreeable terms. The cost of the services rendered by Skyland Fire and Rescue for the fiscal year ended June 30, 2025, was \$425,000.

Note 2 - Stewardship, Compliance, and Accountability

A. Budget Ordinance Violation

For the year ended June 30, 2025, the expenditures made in the Town's General Fund exceeded the authorized appropriations made by the governing board for Debt Service by \$29,691 which is due to budgeting for the repayment of new lease arrangements within the related department budget not in debt service in the current year.

Corrective Action Plans

Management and the Board of Commissioners will monitor budget to actual line items more closely and perform budget re-allocations or amendments as soon as possible upon receiving information that variances in budgeted amounts exist.

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 agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in the 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 amounts 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. 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 \$766,956 and a bank balance of \$1,011,998. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2025, the Town's petty cash fund totaled \$185.

Note 3 - Detail Notes on All Funds (continued)

2. Investments

At June 30, 2025, the Town had \$2,024,190 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables - Allowances for Doubtful Accounts

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Position includes penalties levied or outstanding.

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:

General fund - Taxes receivable	\$	33
Water fund - Accounts receivable		
Total	\$	<u>33</u>

4. Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 176,441	\$	\$	\$ 176,441
Construction in progress	<u>644,187</u>	<u>1,391,145</u>	<u>1,983,326</u>	<u>52,006</u>
Total capital assets not being depreciated	<u>820,628</u>	<u>1,391,145</u>	<u>1,983,326</u>	<u>228,447</u>
Capital assets being depreciated:				
Buildings and systems	2,705,202			2,705,202
Other improvements	331,140			331,140
Equipment and furniture	427,713	108,691		536,404
Vehicles and equipment	1,853,239	137,072		1,990,311
Infrastructure	<u>2,411,915</u>	<u>1,983,326</u>		<u>4,395,241</u>
Total capital assets being depreciated	<u>7,729,209</u>	<u>\$ 2,229,089</u>	<u>\$</u>	<u>9,958,298</u>
Less accumulated depreciation for:				
Buildings and systems	763,884	64,915		828,799
Other improvements	123,200	5,519		128,719
Equipment and furniture	271,860	61,606		333,466
Vehicles and equipment	1,575,466	112,153		1,687,619
Infrastructure	<u>1,253,129</u>	<u>71,739</u>		<u>1,324,868</u>
Total accumulated depreciation	<u>3,987,539</u>	<u>\$ 315,932</u>	<u>\$</u>	<u>4,303,471</u>
Total capital assets being depreciated, net	<u>3,741,670</u>			<u>5,654,827</u>

Note 3 - Detail Notes on All Funds (continued)

4. Capital Assets (continued)

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Capital assets being amortized:				
Right of use assets:				
Leased vehicles	87,532	348,452		435,984
Equipment	<u>182,332</u>			<u>182,332</u>
Total right of use assets	<u>269,864</u>	<u>\$ 348,452</u>	<u>\$</u>	<u>618,316</u>
Less accumulated amortization for:				
Right of use assets:				
Leased vehicles	15,617	45,145		60,762
Equipment	<u>3,039</u>	<u>100,845</u>		<u>103,884</u>
Total accumulated amortization	<u>18,656</u>	<u>145,990</u>		<u>164,646</u>
Total Capital assets being amortized, net	<u>251,208</u>			<u>453,670</u>
Governmental activity capital assets, net	<u>\$ 4,813,506</u>			<u>\$ 6,336,944</u>

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

General government	\$ 88,001
Public safety	254,788
Transportation	72,214
Physical development	<u>46,919</u>
Total depreciation and amortization	<u>\$ 461,922</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business-type activities:				
Capital assets being depreciated:				
Buildings and systems	\$ 4,791,369	\$	\$	\$ 4,791,369
Vehicles and equipment	<u>87,207</u>			<u>87,207</u>
Total capital assets being depreciated	<u>4,878,576</u>	<u>\$</u>	<u>\$</u>	<u>4,878,576</u>
Less accumulated depreciation for:				
Water system	3,212,213	\$ 166,630	\$	3,378,843
Vehicles and equipment	<u>85,877</u>	<u>339</u>		<u>86,216</u>
Total accumulated depreciation	<u>3,298,090</u>	<u>\$ 166,969</u>	<u>\$</u>	<u>3,465,059</u>
Total capital assets being depreciated, net	<u>1,580,486</u>			<u>1,413,517</u>
Water fund capital assets, net	<u>\$ 1,580,486</u>			<u>\$ 1,413,517</u>

Note 3 - Detail Notes on All Funds (continued)

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town is a participating employer in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the 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.

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

Note 3 - Detail Notes on All Funds (continued)

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 Biltmore Forest employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Biltmore Forest's contractually required contribution rate for the year ended June 30, 2025, was 15.10% of compensation for law enforcement officers and 13.60% for general employees, 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 \$327,948 for the year ended June 30, 2025.

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

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

At June 30, 2025, the Town reported a liability of \$1,532,606 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 updated 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 0.02273%, which was an increase of 0.00011% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension benefit of \$378,066. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 268,571	\$ 1,806
Changes of assumptions		
Net difference between projected and actual earnings on pension plan investments	208,357	
Changes in proportion and differences between Town contributions and proportionate share of contributions	44,966	25,676
Town contributions subsequent to the measurement date	327,948	
Total	<u>\$ 849,842</u>	<u>\$ 27,482</u>

Note 3 - Detail Notes on All Funds (continued)

\$327,948 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, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2026	\$	154,774
2027		316,198
2028		46,998
2029		(23,559)
2030		
Thereafter		

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

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2024 are summarized in the following table:

Note 3 - Detail Notes on All Funds (continued)

<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	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2023 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 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)	\$ 2,715,823	\$ 1,532,606	\$ 559,248

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued 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 5 or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

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

Inactive members currently receiving benefits	0
Active plan members	<u>11</u>
Total	<u>11</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 normal actuarial funding 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	2.5 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 S&P Municipal Bond 20-year High Grade Rate Index as of December 31, 2023.

Mortality rates use Pub-2010 amount-weighted tables.

Note 3 - Detail Notes on All Funds (continued)

(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 did not pay any benefits 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 \$396,504. 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 \$9,875.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$	\$ 164,094
Changes of assumptions	9,154	35,485
Town benefit payments and plan administrative expense made subsequent to the measurement date		
Total	<u>\$ 9,154</u>	<u>\$ 199,579</u>

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	\$ (71,508)
2027	(50,116)
2028	(36,347)
2029	(25,976)
2030	(6,478)
Thereafter	

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

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total pension liability	\$ 422,239	\$ 396,504	\$ 372,782

Note 3 - Detail Notes on All Funds (continued)

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

	<u>2025</u>
Beginning balance	\$ 490,124
Service Cost	21,015
Interest on the total pension liability	19,453
Difference between expected and actual experience	(119,501)
Changes of assumptions or other inputs	(6,997)
Benefit payments	(7,590)
Ending balance of the total pension liability	<u>\$ 396,504</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.

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 (benefit)	\$ (378,066)	\$ 9,875	\$ (368,191)
Pension Liability	1,532,606	396,504	1,929,110
Proportionate share of net pension liability	0.02273	n/a	

Deferred Outflows of Resources:

Differences between expected and actual experience	268,571		268,571
Changes of assumptions		9,154	9,154
Changes in proportion and differences between contributions and proportionate share of contributions	44,966		44,966
Benefit payments and administrative costs paid subsequent to the measurement date	327,948		327,948
Net differences between projected and actual earnings on pension plan investments	208,357		208,357

Note 3 - Detail Notes on All Funds (continued)

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
<u>Deferred Inflows of Resources:</u>			
Differences between expected and actual experience	\$ 1,806	\$ 164,094	\$ 165,900
Net differences between projected and actual earnings on pension plan investments			
Changes in proportion and differences between contributions and proportionate share of contributions	25,676		25,676
Changes of assumptions		35,485	35,485

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan. The Town made no contributions of \$48,539 for the reporting year. No amounts were forfeited.

The Town has elected to contribute to the Plan for the general employees as well as for law enforcement officers. Participation begins at the date of employment. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Each month the Town contributes an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. The general employees may also make voluntary contributions to the plan. The Town made contributions of \$68,405 for the reporting year. No amounts were forfeited.

d. Other Postemployment Benefits (OPEB)**Healthcare Benefits**

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

Note 3 - Detail Notes on All Funds (continued)

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

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

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

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

Section 35.21 (c) and (d) of Session Law 2017-57 repeals retiree medical benefits for employees first hired January 1, 2021. The new legislation amends Article 3B of Chapter 135 of the General Statutes to require that retirees must earn contributory retirement service in TSERS (or in an allowed local system unit), CJRS, or LRS prior to January 1, 2021, and not withdraw that service, in order to be eligible for retiree medical benefits under the amended law. Consequently, members first hired on and after January 1, 2021 will not be eligible to receive retiree medical benefits.

Note 3 - Detail Notes on All Funds (continued)

RHBF's benefit and contribution provisions are established by Chapter 135, Article 1 and Chapter 135, Article 3B of the General Statutes and may be amended only by the North Carolina General Assembly. RHBF does not provide for automatic post-retirement benefit increases.

Contributions. By General Statute, accumulated contributions from employers to RHBF and any earnings on those contributions shall be used to provide health benefits to retired and disabled employees and their applicable beneficiaries. By statute, contributions to RHBF are irrevocable. Also by law, fund assets are dedicated to providing benefits to retired and disabled employees and their applicable beneficiaries and are not subject to the claims of creditors of the employers making contributions to RHBF. However, RHBF assets may be used for reasonable expenses to administer the RHBF, including costs to conduct required actuarial valuations of state-supported retired employees' health benefits. Contribution rates to RHBF, which are intended to finance benefits and administrative expenses on a pay-as-you-go basis are determined by the General Assembly in the Appropriations Bill. For the current fiscal year, the Town contributed 6.87% of covered payroll which amounted to \$162,312.

At June 30, 2025, the Town reported a liability of \$3,685,169 for its proportionate share of the net OPEB liability. The net OPEB liability was measured as of June 30, 2024, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of December 31, 2023. The total OPEB liability was then rolled forward to the measurement date of June 30, 2024 utilizing updated procedures incorporating the actuarial assumptions. The Town's proportion of the net OPEB liability was based on a projection of the Town's present value of future salary, actuarially determined. At June 30, 2024 and June 2023 the Town's proportion was 0.01083% and 0.00979%, respectively.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 30,036	\$
Changes of assumptions	887,539	480,471
Net difference between projected and actual earnings on OPEB plan investments	15,792	
Changes in proportion and differences between Town contributions and proportionate share of contributions	767,603	140,502
Town contributions subsequent to the measurement date	162,312	
Total	<u>\$ 1,863,282</u>	<u>\$ 620,973</u>

\$162,312 reported as deferred outflows of resources related to OPEB resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net OPEB liability in the year ending June 30, 2026.

Note 3 - Detail Notes on All Funds (continued)

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

Year ended June 30:

2026	\$	162,093
2027		297,505
2028		387,817
2029		232,583
2030		
Thereafter		

Actuarial assumptions. Common actuarial assumptions for the OPEB plan follow individual note disclosures for the OPEB plan.

Inflation	2.50%
Salary increases	3.25 average, including inflation
Discount rate	3.93%

Healthcare cost trend rates:

Medical	6.50%
Prescription drug	7.00%
Administrative costs	3.00%

Discount rate. The discount rate used to measure the total OPEB liability for the RHBF was 3.93% at June 30, 2024 compared to 3.65% at June 30, 2023. The projection of cash flow used to determine the discount rate assumed that contributions from employers would be made at the current statutorily determined contribution rate. Based on the above assumptions, the plan's fiduciary net position was not projected to be available to make projected future benefit payments of current plan members. As a result, a municipal bond rate of 3.93% was used as the discount rate used to measure the total OPEB liability and is based on the Bond Buyer 20-year General Obligation Index as of June 30, 2022.

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

Note 3 - Detail Notes on All Funds (continued)

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Net OPEB liability	\$ 4,384,397	\$ 3,685,169	\$ 3,123,750

Sensitivity of the Town's proportionate share of the net OPEB liability to changes in the healthcare trend rates. The following presents the Town's proportionate share of the net OPEB liability, as well as what the Town's proportionate share of the net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage point higher than the current trend rates:

	1% Decrease (Medical - 5.50%, Pharmacy - 6.00%, <u>Administrative - 2.00%</u>)	Healthcare Trend Rates (Medical - 6.50%, Pharmacy - 7.00%, <u>Administrative - 3.00%</u>)	1% Increase (Medical - 7.50%, Pharmacy - 8.00%, <u>Administrative - 4.00%</u>)
Net OPEB liability	\$ 3,041,842	\$ 3,685,169	\$ 4,518,152

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

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.

Note 3 - Detail Notes on All Funds (continued)

3. Deferred Outflows and Inflows of Resources

Deferred outflows of resources reported on the Statement of Net Position is comprised of the following:

	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$
Benefit payments and administrative expenses for LGERS made subsequent to the measurement date	490,260
Differences between expected and actual experience	298,607
Net differences between projected and actual earnings on pension plan investments	224,149
Changes of assumptions	896,693
Changes in proportion and differences between employer contributions and proportionate share of contributions	812,569
Total	<u>\$ 2,722,278</u>

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

	<u>Statement of Net Position</u>	<u>Governmental Funds Balance Sheet</u>
Prepaid taxes (General Fund)	\$ 2,597	\$ 2,597
Differences between expected and actual experience	199,579	
Net difference between projected and actual earnings		
Changes in proportion and differences between employer contributions and proportionate share of contributions	648,455	
Total	<u>\$ 850,631</u>	<u>\$ 2,597</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. 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.

Note 3 - Detail Notes on All Funds (continued)

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 has a Flood Damage Prevention Ordinance and has a small area that has been identified and mapped by the Flood Insurance Rate Map. There is no historical evidence of flood damage in the areas identified and Floodplain Insurance does not appear to be necessary at this time.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond of . The Town Manager is bonded at \$1,000,000 The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

5. Claims, Judgments, and Contingent Liabilities

The Town is a defendant in a lawsuit related to a vehicle accident involving a Town employee and a citizen. The plaintiff is seeking damages of approximately \$25,000. The case is currently in litigation, and the outcome cannot be determined at this time. Based on consultation with legal counsel, management believes that while a liability may result, the amount of any potential loss cannot be reasonably estimated. Accordingly, no provision for loss has been recorded in the accompanying financial statements.

6. Long-Term Obligations

a. Leases

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

During fiscal year 2024, the Town leased a police vehicle and a public works vehicle that collectively require 60 monthly payments totaling \$1,889. The lease liability for these vehicles is measured at a discount rate of 8.14%, which were the prime lending rates at the time of execution. During fiscal year 2025 the Town entered into a master lease agreement for vehicles, the term of the lease 60 months with a term of 51 to 58 months remaining at June 30, 2025. The Town is required to make monthly fixed payments totaling \$6,393. The lease does not contain a stated interest rate. Accordingly, the City's estimated incremental borrowing rate of 7.5% and 8.0% was used to discount the remaining minimum lease payments. The liability balance as of June 30, 2025, for new leases is \$294,247.

In 2024 the Town entered into a lease agreement for a camera system for the police department. The term of the lease is four years with two years left at June 30, 2025. The Town is required to make annual payments of \$48,250. The lease does not contain a stated interest rate. Accordingly, the City's estimated incremental borrowing rate of 8.14% was used to discount the remaining minimum lease payments. The liability balance as of June 30, 2025, is \$85,878.

Note 3 - Detail Notes on All Funds (continued)

a. Leases (continued)

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

Years Ending June 30	Governmental Activities	
	Principal	Interest
2026	\$ 57,809	\$ 10,958
2027	62,565	6,202
2028	19,464	1,053
2029	3,210	31
2030		
Total	<u>\$ 143,048</u>	<u>\$ 18,244</u>

b. Installment Purchases

Serviced by the General Fund:

Note payable, bearing interest at 3.36% per annum, due in 19 semi-annual of \$42,105 beginning October 2019 and ending October 2028, collateralized by a deed of trust. \$ 294,288

Noninterest bearing note payable due in 20 annual payments of \$14,630 beginning August 2022 and ending August 2042, implied interest rate of 5.5%. collateralized by revenues of the Project or benefited systems or other available funds 248,710

Noninterest bearing note payable due in 5 annual payments, structured as follows:
If not repaid in full through FEMA reimbursements, the following principal payments will be due:

\$1, commencing on June 30, 2026.
10% of the loan principal (\$102,820) on June 30, 2027
20% of the loan principal (\$205,640) on June 30, 2028
30% of the loan principal (\$308,459) on June 30, 2029
40% of the loan principal (\$411,278) on June 30, 2030

Repayment obligations are contingent upon the timing and amount of FEMA reimbursements received. If full reimbursement is received prior to the scheduled payment dates, the remaining obligations may be extinguished. 1,028,198

Total long-term debt 1,571,196

Less, unearned discount on installment purchases (81,019)

Total installment purchases, net of unearned discount 1,490,177

Less, current portion (90,422)

Noncurrent portion of installment purchases \$ 1,399,755

Note 3 - Detail Notes on All Funds (continued)

b. Installment Purchases

Annual debt service payments for installment purchases as of June 30, 2025, including \$109,313 of interest, are as follows:

<u>Years Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2026	\$ 90,423	\$ 20,443
2027	193,583	17,273
2028	296,764	14,082
2029	357,411	8,043
2030-2042	<u>551,996</u>	<u>49,472</u>
	<u>\$ 1,490,177</u>	<u>\$ 109,313</u>

c. Changes in Long-Term Liabilities

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>	<u>Current Portion of Balance</u>
Governmental activities:					
Installment purchases	\$ 552,527	\$ 1,028,198	\$ 90,548	\$ 1,490,177	\$ 90,422
Leases	196,194	318,334	77,443	437,085	113,919
Compensated absences	77,392	302,091		379,483	
Total OPEB liability	2,403,189	999,802		3,402,991	
Net pension liability (LGRS)	1,379,464	35,788		1,415,252	
Total pension liability (LEO)	<u>490,124</u>		<u>93,620</u>	<u>396,504</u>	
Governmental activities long-term liabilities	<u>\$ 5,098,890</u>	<u>\$ 2,684,213</u>	<u>\$ 261,611</u>	<u>\$ 7,521,492</u>	<u>\$ 204,341</u>
Business-type activities:					
Compensated absences	\$ 4,074	\$ 11,162	\$	\$ 15,236	\$
Total OPEB liability	207,097	75,081		282,178	
Net pension liability (LGRS)	<u>118,877</u>		<u>1,523</u>	<u>117,354</u>	
Business-type activities long-term liabilities	<u>\$ 330,048</u>	<u>\$ 86,243</u>	<u>\$ 1,523</u>	<u>\$ 414,768</u>	<u>\$</u>

Note 3 - Detail Notes on All Funds (continued)

C. Interfund Balances and Activity

There are no balances due to/from other funds at June 30, 2025.

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

From the General Fund to the FEMA Special Revenue Fund to move storm related expenditures	\$ 449,391
From the Capital Projects Fund to the Hurricane Recovery fund to move storm related expenditures and revenue	3,171,572
From the Capital Projects Fund to the Hurricane Recovery fund to move proceeds from the cashflow loan	<u>1,028,198</u>
Total	<u>\$ 4,649,161</u>

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	\$ 6,336,944	\$ 1,413,517
Less: long-term debt	<u>1,927,262</u>	
Net investment in capital assets	<u>\$ 4,409,682</u>	<u>\$ 1,413,517</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	\$ 3,769,329
Less:	
Inventories	2,229
Stabilization by State Statute	534,164
Encumbrances	30,783
Working capital / fund balance policy	<u>1,849,835</u>
Remaining fund balance	<u>\$ 1,352,318</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 in the range of 25-35% of budgeted expenditures.

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

<u>Encumbrances</u>	<u>General Fund</u>	<u>Proprietary Fund</u>
\$35,355	\$30,783	\$4,572

Note 4 - Jointly Governed Organization

The Town, in conjunction with other area counties and municipalities, is a member of the Land of Sky Regional Council (the Council). The governments participate within the Council to coordinate various funding received from federal and State agencies. Each participating government, including the Town, pays annual dues and appoints two members to the Council's governing board.

Note 5 - Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

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

Note 6 – 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 \$177,174.

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 7 - Significant Effects of Subsequent Events

Management has evaluated subsequent events through December 16, 2025, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

TOWN OF BILTMORE FOREST, 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>
Town's proportion of the net pension liability (asset) (%)	0.02273%	0.02262%	0.01962%	0.02082%	0.02015%	0.01973%	0.02350%	0.02272%	0.02236%	0.02205%
Town's proportionate share of the net pension liability (asset) (\$)	\$ 471,933	\$ 447,707	\$ 314,976	\$ 319,295	\$ 720,045	\$ 538,811	\$ 557,500	\$ 347,099	\$ 474,554	\$ 98,960
Town's covered payroll	\$ 1,972,912	\$ 1,744,350	\$ 1,594,025	\$ 1,567,805	\$ 1,544,017	\$ 1,486,508	\$ 1,453,664	\$ 1,462,980	\$ 1,397,262	\$ 1,321,703
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	23.92%	25.67%	19.76%	20.37%	46.64%	36.25%	38.36%	23.73%	33.97%	7.49%
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 BILTMORE FOREST, 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	\$ 327,948	\$ 262,446	\$ 217,068	\$ 172,000	\$ 164,530	\$ 144,204	\$ 121,448	\$ 112,193	\$ 96,833	\$ 95,935
Contributions in relation to the contractually required contribution	<u>327,948</u>	<u>262,446</u>	<u>217,068</u>	<u>172,000</u>	<u>164,530</u>	<u>144,204</u>	<u>121,448</u>	<u>112,193</u>	<u>96,833</u>	<u>95,935</u>
Contribution deficiency (excess)	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____	\$ _____
Town's covered payroll	<u>\$ 2,363,325</u>	<u>\$ 1,972,912</u>	<u>\$ 1,744,350</u>	<u>\$ 1,594,025</u>	<u>\$ 1,567,805</u>	<u>\$ 1,544,077</u>	<u>\$ 1,486,508</u>	<u>\$ 1,453,664</u>	<u>\$ 1,462,980</u>	<u>\$ 1,397,262</u>
Contributions as a percentage of covered payroll	13.88%	13.30%	12.53%	10.79%	10.49%	9.34%	8.17%	7.91%	7.67%	6.93%

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Schedule of Changes in Total Pension Liability Law Enforcement Officers' Special Separation Allowance Last Eight 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>
Beginning balance	\$	490,124	\$ 531,948	\$ 641,081	\$ 641,081	\$ 560,077	\$ 489,859	\$ 397,011	\$ 309,509
Service cost		21,015	19,634	25,101	31,954	17,198	19,649	22,786	18,55
Interest on the total pension liability		19,453	22,490	14,080	12,920	17,759	16,819	12,062	11,490
Differences between expected and actual experience in the measurement of the total pension liability		(119,501)	(73,605)	(38,277)	(42,596)	(53,950)	73,982	107,940	52,926
Changes of assumptions or other inputs		(6,997)	9,918	(79,420)	(15,332)	174,285	15,385	(19,323)	28,191
Benefit payments		<u>(7,590)</u>	<u>(22,261)</u>	<u>(30,617)</u>	<u>(30,617)</u>	<u>(30,617)</u>	<u>(55,617)</u>	<u>(30,617)</u>	<u>(23,660)</u>
Ending balance of the total pension Liability	\$	<u>396,504</u>	<u>\$ 488,124</u>	<u>\$ 531,948</u>	<u>\$ 597,410</u>	<u>\$ 684,752</u>	<u>\$ 560,077</u>	<u>\$ 489,859</u>	<u>\$ 378,456</u>

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

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Schedule of Total Pension Liability as a Percentage of Covered Payroll Law Enforcement Officers' Special Separation Allowance Last Eight 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>
Total pension liability	\$	396,504	\$ 490,124	\$ 531,948	\$ 531,948	\$ 641,081	\$ 560,077	\$ 489,859	\$ 397,011
Town's covered payroll	\$	2,363,325	\$ 1,972,912	\$ 1,732,827	\$ 846,434	\$ 803,531	\$ 832,387	\$ 835,067	\$ 853,284
Total pension liability as a percentage of covered payroll		16.78%	24.84%	30.70%	75.74%	85.22%	67.29%	58.66%	46.53%

Notes to the schedule

The Town of Biltmore Forest 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.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Schedule of the Town's Proportionate Share of Net OPEB Liability Retiree Health Benefit Fund Last Seven Years *

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Town's proportion of the net OPEB liability	0.01083%	0.00979%	0.00810%	0.00881%	0.00716%	0.00772%	0.00786%
Town's proportionate share of the net OPEB liability	\$ 3,685,169	\$ 2,610,286	\$ 1,922,939	\$ 2,723,626	\$ 1,987,151	\$ 2,441,391	\$ 2,238,634
Town's covered payroll	\$ 2,363,325	\$ 1,972,912	\$ 1,732,827	\$ 1,567,805	\$ 1,544,077	\$ 1,486,508	\$ 1,453,664
Town's proportionate share of the net OPEB liability as a percentage of its covered payroll	155.93%	132.30%	110.97%	173.72%	128.70%	164.24%	154.00%
Plan Fiduciary net position as a percentage of the total OPEB liability**	9.79%	10.73%	10.58%	7.72%	6.92%	4.40%	4.40%

* 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 RHBF plan.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Schedule of Contributions Retiree Health Benefit Fund Last Seven Fiscal Years

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Contractually required contribution	\$ 162,312	\$ 140,866	\$ 119,392	\$ 98,290	\$ 104,729	\$ 99,902	\$ 93,204
Contributions in relation to the contractually required contribution	<u>162,312</u>	<u>140,866</u>	<u>119,392</u>	<u>98,290</u>	<u>104,729</u>	<u>99,902</u>	<u>93,204</u>
Contribution deficiency (excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Town's covered payroll	<u>\$ 2,363,325</u>	<u>\$ 1,972,912</u>	<u>\$ 1,732,827</u>	<u>\$ 1,567,805</u>	<u>\$ 1,544,077</u>	<u>\$ 1,486,508</u>	<u>\$ 1,453,664</u>
Contributions as a percentage of the covered payroll	6.87%	7.14%	6.89%	6.17%	6.68%	6.47%	6.27%

**INDIVIDUAL FUND STATEMENTS
AND SCHEDULES**

TOWN OF BILTMORE FOREST, 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:			
Taxes	\$ 3,193,263	\$ 3,199,455	\$ 6,192
Interest	7,575	8,160	585
Total	<u>3,200,838</u>	<u>3,207,615</u>	<u>6,777</u>
Unrestricted intergovernmental:			
Local option sales taxes	1,592,809	1,439,222	(153,587)
Franchise tax	282,491	282,491	
Beer and wine tax	5,613	5,614	1
Total	<u>1,880,913</u>	<u>1,727,327</u>	<u>(153,586)</u>
Restricted intergovernmental:			
Solid waste disposal tax	1,093	1,093	
Illicit substance tax			
Powell Bill allocation	80,773	80,773	
Total	<u>81,866</u>	<u>81,866</u>	
Permits and fees:			
Dog license fee	1,320	1,320	
Building permits	43,927	45,342	1,415
Total	<u>45,247</u>	<u>46,662</u>	<u>1,415</u>
Investment earnings	<u>151,729</u>	<u>160,612</u>	<u>8,883</u>
Miscellaneous:			
American Tower	35,171	35,171	
Governmental grant	7,500	7,500	
Insurance proceeds		119,539	119,539
Other	168,120	73,146	(94,974)
Total	<u>210,791</u>	<u>235,356</u>	<u>24,565</u>
Total revenues	<u>5,571,384</u>	<u>5,459,438</u>	<u>(111,946)</u>
Expenditures			
General government:			
Administration:			
Salaries and benefits	658,453	635,660	22,793
Professional services	65,000	89,094	(24,094)
Other operating expenditures	56,650	57,662	(1,012)
Board salary	22,000	21,652	348
Total	<u>\$ 802,103</u>	<u>\$ 804,068</u>	<u>\$ (1,965)</u>

TOWN OF BILTMORE FOREST, 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)
Other:			
Outside professional services	\$ 85,000	\$ 34,141	\$ 50,859
Electricity and utilities	164,000	155,136	8,864
General repairs	32,000	31,325	675
Insurance	125,000	124,997	3
Other operating expenditures	45,924	60,140	(14,216)
Total	<u>451,924</u>	<u>405,739</u>	<u>46,185</u>
 Total general government	 <u>1,254,027</u>	 <u>1,209,807</u>	 <u>44,220</u>
 Public safety:			
Police:			
Salaries and benefits	2,110,973	2,007,739	103,234
Vehicle maintenance	44,625	51,367	(6,742)
Other operating expenditures	182,286	170,513	11,773
Capital outlay	489,894	494,960	(5,066)
Total	<u>2,827,778</u>	<u>2,724,579</u>	<u>103,199</u>
 Contracted fire services	 <u>425,000</u>	 <u>425,000</u>	 <u> </u>
 Total public safety	 <u>3,252,778</u>	 <u>3,149,579</u>	 <u>103,199</u>
 Transportation:			
Vehicle maintenance	139,987	8,534	131,453
Resurfacing contracts	168,500	167,724	776
Storm water drainage	1,298,946	1,242,616	56,330
Other operating expenditures	9,600	9,025	575
Capital outlay	65,000	64,729	271
Total transportation	<u>1,682,033</u>	<u>1,492,628</u>	<u>189,405</u>
 Physical development:			
Public works:			
Salaries and benefits	439,542	427,765	11,777
Vehicle maintenance	6,500	6,107	393
Other operating expenditures	87,600	84,093	3,507
Street lighting	42,000	40,568	1,432
Capital outlay	21,000	5,397	15,603
Total	<u>\$ 596,642</u>	<u>\$ 563,930</u>	<u>\$ 32,712</u>

TOWN OF BILTMORE FOREST, 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)
Sanitation and recycling:			
Salaries and benefits	\$ 300,625	\$ 277,679	\$ 22,946
Tipping fees	69,000	71,217	(2,217)
Recycling	34,500	31,991	2,509
Other operating expenditures	24,400	22,582	1,818
Total	<u>428,525</u>	<u>403,469</u>	<u>25,056</u>
Total physical development	<u>1,025,167</u>	<u>967,399</u>	<u>57,768</u>
Debt service:			
Principal retirement	152,311	167,991	(15,680)
Interest	33,025	47,036	(14,011)
Total debt service	<u>185,336</u>	<u>215,027</u>	<u>(29,691)</u>
Total expenditures	<u>7,399,341</u>	<u>7,034,440</u>	<u>364,901</u>
Revenues over (under) expenditures	<u>(1,827,957)</u>	<u>(1,575,002)</u>	<u>252,955</u>
Other financing sources (uses):			
Lease liabilities issued	<u> </u>	318,334	318,334
Total	<u> </u>	<u>318,334</u>	<u>318,334</u>
Appropriated fund balance	<u>1,827,957</u>		<u>(1,827,957)</u>
Net change in fund balance	<u>\$</u>	(1,256,668)	<u>\$ (1,256,668)</u>
Fund balances, beginning		<u>5,025,997</u>	
Fund balances, ending		<u>\$ 3,769,329</u>	

TOWN OF BILTMORE FOREST, 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:			
Water sales	\$ 1,273,910	\$ 1,069,334	\$ (204,576)
Water tap and connection fees	28,840	28,870	30
AMI transmitter charges	8,687	8,387	(300)
Commissions, sewer charge collections	9,635	9,638	3
Total operating revenues	1,321,072	1,116,229	(204,843)
Non-operating revenues:			
Investment earnings	4,590	4,595	5
Total revenues	1,325,662	1,120,824	(204,838)
Expenditures			
Operating expenditures:			
Salaries and benefits	298,843	280,956	17,887
Professional services	22,000	21,455	545
Repairs and maintenance	4,000	4,000	
Other operating expenditures	50,387	44,862	5,525
Water purchases	215,545	173,499	42,046
Sewer purchases	422,240	483,040	(60,800)
Contingency	312,647		312,647
Total expenditures	1,325,662	1,007,812	317,850
Revenues over expenditures	\$	113,012	\$ 113,012
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Depreciation		(166,969)	
Increase in accrued vacation pay		(11,162)	
Decrease in deferred outflow of resources - pensions		(10,382)	
Decrease in net pension liability		1,523	
Increase in deferred inflow of resources - pensions		(677)	
Increase in deferred outflows of resources - OPEB		46,078	
Increase in net OPEB liability		(75,081)	
Decrease in deferred inflows of resources - OPEB		26,719	
Total reconciling items		(189,951)	
Change in net position		\$ (76,939)	

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Capital Project Fund – Greenwood Park Schedule of Revenues and Expenditures and Changes in Fund Balances - Budget and Actual From Inception and for the Fiscal Year Ended June 30, 2025

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Grant proceeds	\$ 451,276	\$ 499,256	\$ 177,658	\$ 676,914	\$ 225,638
Total revenues	<u>451,276</u>	<u>499,256</u>	<u>177,658</u>	<u>676,914</u>	<u>225,638</u>
Expenditures					
General government:					
Capital outlay	<u>451,276</u>	<u>231,424</u>	<u>177,658</u>	<u>409,082</u>	<u>42,194</u>
Total expenditures	<u>451,276</u>	<u>231,424</u>	<u>177,658</u>	<u>409,082</u>	<u>42,194</u>
Revenues over (under) expenditures		267,832		267,832	183,444
Other financing sources (uses)					
Transfers (to) from General Fund	<u> </u>	<u>(42,194)</u>	<u> </u>	<u>(42,194)</u>	<u>(42,194)</u>
Net change in fund balance	<u>\$</u>	<u>\$ 225,638</u>		<u>\$ 225,638</u>	<u>\$ 225,638</u>
Fund balance, beginning			<u> </u>		
Fund balance, ending			<u>\$</u>		

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Hurricane Helene Recovery Capital Project 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

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Grant proceeds	\$	\$	\$ 6,268,072	\$ 6,268,072	\$ 6,268,072
Total revenues			6,268,072	6,268,072	6,268,072
Expenditures					
General government:					
Capital outlay			9,445,199	9,445,199	(9,445,199)
Total expenditures			9,445,199	9,445,199	(9,445,199)
Revenues over (under) expenditures			(3,177,127)	(3,177,127)	(3,177,127)
Other financing sources (uses)					
Proceeds from long-term debt			1,028,198	1,028,198	1,028,198
Net change in fund balance	\$	\$	(2,148,929)	\$ (2,148,929)	\$ (2,148,929)
Fund balance, beginning					
Fund balance, ending			\$ (2,148,929)		

OTHER SCHEDULES

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Schedule of Ad Valorem Taxes Receivable June 30, 2025

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2024</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2025</u>
2024-2025	\$	\$ 3,211,585	\$ 3,199,468	\$ 12,130
2023-2024				
2022-2023				
2021-2022				
2020-2021				
2019-2020				
2018-2019				
2017-2018				
2016-2017	19			19
2015-2016	14			14
	<u>\$ 33</u>	<u>\$ 3,211,585</u>	<u>\$ 3,199,468</u>	12,163
Less: allowance for uncollectible accounts:				
General Fund				<u>33</u>
Ad valorem taxes receivable - net				<u>\$ 12,130</u>
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - General Fund				\$ 3,207,615
Reconciling items:				
Interest collected				(8,160)
Taxes written off				<u>13</u>
Total collections and credits				<u>\$ 3,199,468</u>

TOWN OF BILTMORE FOREST, NORTH CAROLINA

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

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year rate	\$ 932,829,369	0.3450%	\$ 3,211,585	\$ 3,065,593	\$ 145,992
Total property valuation	<u>\$ 932,829,369</u>				
Net levy			3,211,585	3,065,593	145,992
Uncollected taxes at June 30, 2025			<u>12,130</u>	<u>12,130</u>	
Current year's taxes collected			<u>\$ 3,211,585</u>	<u>\$ 3,008,038</u>	<u>\$ 145,992</u>
Current levy collection percentage			<u>99.62%</u>	<u>99.60%</u>	<u>100.00%</u>

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*

To the Honorable Mayor
and Members of the Board of Commissioners
Town of Biltmore Forest, 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 Biltmore Forest, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Town of Biltmore Forest's basic financial statements, and have issued our report thereon dated December 16, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Town of Biltmore Forest'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 Biltmore Forest's internal control. Accordingly, we do not express an opinion on the effectiveness of Town of Biltmore Forest'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 were not identified. Given these limitations, during our audit we did not identify deficiencies in internal control that we consider to be material weaknesses. We identified one weakness we consider to be a significant deficiency. See Finding 2025-001.

To the Honorable Mayor
and Members of the Town Council
Town of Biltmore Forest, North Carolina

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Biltmore Forest'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 financial statements. 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as Finding 2025-001.

Town of Biltmore Forest's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Biltmore Forest's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The Town's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 16, 2025

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB UNIFORM GUIDANCE AND THE
STATE SINGLE AUDIT IMPLEMENTATION ACT

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

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

Basis for Opinion on Each Major Federal Program

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

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

To the Honorable Mayor
and Members of the Town Council
Town of Biltmore Forest, North Carolina

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, Uniform Guidance, and the State Single Audit Implementation Act we:

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

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

To the Honorable Mayor
and Members of the Town Council
Town of Biltmore Forest, North Carolina

Report on Internal Control over Compliance

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

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

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

CARTER, P.C.

Asheville, North Carolina
December 16, 2025

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
STATE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE; IN
ACCORDANCE WITH OMB UNIFORM GUIDANCE AND
THE STATE SINGLE AUDIT IMPLEMENTATION ACT

To the Honorable Mayor
and Members of the Town Council
Town of Biltmore Forest, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

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

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

Basis for Opinion on Each Major State Program

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

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

To the Honorable Mayor
and Members of the Town Council
Town of Biltmore Forest, North Carolina

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts and grant agreements applicable to Town of Biltmore Forest, North Carolina's State programs.

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, Uniform Guidance, and the State Single Audit Implementation Act, we

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

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

To the Honorable Mayor
and Members of the Town Council
Town of Biltmore Forest, North Carolina

Report on Internal Control over Compliance

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

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

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

Purpose of this Report

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

CARTER, P.C.

Asheville, North Carolina
December 16, 2025

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Schedule of Findings and Questioned Costs Year Ended June 30, 2025

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? X yes _____ none reported

Noncompliance material to financial statements noted? X yes _____ no

Federal Awards

Internal control over compliance:

Material weakness(es) identified? _____ yes X no

Significant deficiency(ies) identified? _____ yes X no

Type of auditors' report issued on compliance
with each major federal program: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with 2 CFR section 200.516(a)? _____ yes X no

Identification of major federal programs:

AL # 97.036 - Disaster Grants - Public Assistance (Presidentially Declared Disasters)

The threshold for distinguishing Type A and Type B programs was \$750,000.

Town of Biltmore Forest was determined to be a low-risk auditee.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Schedule of Findings and Questioned Costs (continued)
Year Ended June 30, 2025

Section I - Summary of Auditors' Results (continued)

State Awards

Internal control over major State programs:

Material weakness(es) identified? ☐ yes ☒ no

Significant deficiency(ies) identified? ☐ yes ☒ no

Type of auditors' report issued on compliance for
major State program: Unmodified

Any audit findings disclosed that are required to be
reported in accordance with the State Single
Audit Implementation Act? ☐ yes ☒ no

Identification of major State program:

State Cashflow Loans for Disaster Response Activities to Local Governments

Dollar threshold used to determine a State major program: \$500,000

Town of Biltmore Forest was not determined to be a State low-risk auditee.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Schedule of Findings and Questioned Costs (continued) Year Ended June 30, 2025

Section II - Financial Statement Findings

Finding 2025-001 – Expenditures in Excess of Appropriations

SIGNIFICANT DECIFIENCY/NONCOMPLIANCE

Criteria: N.C.G.S 159 (a) states that no obligation may be incurred in a function accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

Condition: Actual expenditures incurred in the General Fund exceeded appropriations in Debt Service by \$29,691.

Effect: Monies were spent that had not been obligated and appropriated.

Cause: The budget ordinance adopted by the Town was not amended such that budgeted expenditures were not exceeded.

Recommendation: We recommend that the Town monitor and amend the budget in such detail as to not allow over-expenditure.

Views of Responsible Officials and Planned Corrective Actions: Town officials understand this requirement and will ensure that adjustments needed for budget appropriations are properly amended and approved by the Board prior to year-end. This corrective action will be implemented immediately.
None reported.

Section III - Federal Award Findings and Questioned Costs

None reported.

Section IV - State Award Findings and Questioned Costs

None reported.

355 Vanderbilt Rd | Biltmore Forest, NC
Po Box 5352 | Biltmore Forest, NC 28803
P (828) 274-0824 | F (828) 274-8131
www.biltmoreforest.org



George F. Goosmann, III, Mayor
Doris P. Loomis, Mayor Pro-Tem
Drew Stephens, Commissioner
Allan Tarleton, Commissioner

Jonathan B. Kanipe,
Town Manager

Corrective Action Plan
For the Fiscal Year Ended June 30, 2025

Section II – Financial Statement Findings

SIGNIFICANT DECIFICENCY/NONCOMPLIANCE

2025–001 Actual expenditures incurred in the General Fund exceeded appropriations in Debt Service by \$29,691.

Name of contact person: Jonathan Kanipe, Town Manager

Corrective Action: Town officials understand this requirement and will ensure that adjustments needed for budget appropriations are properly amended and approved by the Board prior to year-end.

Proposed Completion Date: On or before June 30, 2026

Section III – Federal Award Findings and Questioned Costs

None reported.

Section IV – State Award Findings and Questioned Costs

None reported.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

SUMMARY OF PRIOR AUDIT FINDINGS

Reported findings for the year ended June 30, 2024:

Finding 2024-001 – Expenditures in Excess of Appropriations

Status: This finding was repeated in the year ended June 30, 2025. See Finding 2025-001.

Reported findings for the year ended June 30, 2023:

Finding 2023-001 – Segregation of Duties

Status: This finding was not repeated in the year ended June 30, 2024

Finding 2023-002 – Expenditures in Excess of Appropriations

Status: This finding was repeated in the year ended June 30, 2024 and June 30, 2025. See Finding 2025-001.

TOWN OF BILTMORE FOREST, NORTH CAROLINA

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

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/Pass-through Grantor Number</u>	<u>Expenditures</u>
FEDERAL AWARDS			
<u>U.S. Department of Homeland Security</u>			
Passed through N.C Department of Public Safety			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		\$ 6,268,072
<u>U.S. Department of the Treasury</u>			
Passed through N.C Department of Public Safety			
Coronavirus State and Local Fiscal Recovery Funds	21.027		<u>177,658</u>
Total federal award expenditures			<u>\$ 6,445,730</u>
STATE AWARDS			
<u>N.C. Department of State Treasurer</u>			
Cashflow Loans for Disaster Response Activities to Local Governments		DST-1	\$ 1,028,198
<u>N.C. Department of Transportation</u>			
Powell Bill Funds			<u>80,773</u>
Total state award expenditures			<u>\$ 1,108,971</u>

TOWN OF BILTMORE FOREST, NORTH CAROLINA

Schedule of Expenditures of Federal Awards (continued) Year Ended June 30, 2025

Notes to the Schedule of Expenditures of Federal and State Awards

Note A - Basis of Presentation

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

Note B - Summary of Significant Accounting Policies

Expenditures reported on the SEFSA are presented on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note C - Indirect Cost Rate

Town of Biltmore Forest, North Carolina has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Note D – Loans Outstanding

The Town had the following loan balances outstanding at June 30, 2025, for loans that the grantor has imposed continuing compliance requirements. Loans made during the year are included in the SEFSA. The balance of the loans outstanding at June 30, 2025, consist of:

<u>Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal AL Number</u>	<u>State/Pass- Through Grantor's Number</u>	<u>Amount Outstanding</u>
NC Department of State Treasurer			
Cashflow Loans for Disaster Response			
Activities to Local Governments	n/a	DST-1	<u>\$ 1,028,198</u>

BOARD OF COMMISSIONERS MEETING
STAFF MEMORANDUM
JANUARY 13, 2026



AGENDA ITEM G-2

PRESENTATION – FY25 FINANCIAL STATEMENTS
FRAN NOEL, AUDIT DIRECTOR, CARTER PC

Background

Fran Noel, Audit Director for Carter, PC, will present findings related to the Town's fiscal year 2024-2025 financial statements. The FY25 Financial Statements were received by the Local Government Commission (LGC) on December 24, 2025. Jurisdictions located within the disaster impacted portions of North Carolina were allowed a longer time line for audit submissions this year.

Copies of the Financial Statements and the Internal Control Letter are attached to this memorandum and will be posted on the Town's website.

Attachments

1. FY25 Financial Statements

BOARD OF COMMISSIONERS MEETING
STAFF MEMORANDUM
JANUARY 13, 2026



Agenda Item H-1

Consideration of Public Comment Policy for Board of Commissioners Meetings

Background

Last month, the Board of Commissioners reviewed a potential public comment policy for their meetings. The Town does not currently have a formal public comment policy. During the meeting, the Board and Town Attorney expressed a desire to combine this with a simple Rules of Decorum for meetings and rules surrounding the public comments. Both of those items are attached.

New Policy and Rules of Decorum

The public comment policy attached is for persons speaking in-person as well as those wishing to send comments in remotely. The rules of decorum for the Board meeting is included within the in-person comment policy and governs all comments and actions during meeting.

Next Steps

The Board may approve this policy and the rules of decorum as a Board policy. This does not require a resolution or ordinance adoption -- just a simple vote by the Board.

Town of Biltmore Forest
Public Comment Policy and Rules of Decorum for Board Meetings

1. In-Person Public Comment Procedures

A. Registration and Eligibility to Speak

- (1) Speakers may register for public comment in advance by contacting Town Hall prior to the meeting.
- (2) Speakers may also register in person and address the Board during the public comment portion of the agenda.
- (3) All speakers must provide their name and physical address to the Board and contact information to the Town Clerk.
- (4) Speakers must be recognized by the Mayor or other presiding officer before speaking.
- (5) Each speaker may speak only once during the public comment period.

B. Time Limits and Group Representation

- (1) Individual speakers are limited to three (3) minutes.
- (2) Groups or delegations of three (3) or more are encouraged to select a spokesperson in advance.
- (3) If three (3) or more members of a group are present and identified, the group's spokesperson may be allotted up to ten (10) minutes.
- (4) spokesperson must identify the group they represent and the members present.

C. Speaker Conduct and Presentation Requirements

- (1) Speakers must use the microphone and podium provided.
- (2) Comments must be addressed to the Board of Commissioners as a body, not to individual Board members, the Mayor, staff, or other attendees.
- (3) Speakers should be civil and courteous in both language and presentation.
- (4) Personal attacks, threats, insults, profanity, vulgar language or gestures, or other inappropriate behavior are prohibited.
- (5) Speakers may not campaign for political office during their comments.

D. Scope and Relevance of Comments

- (1) Comments should be limited to matters that are germane to, or within the Town's jurisdiction or apparent jurisdiction.
- (2) During public hearings, comments must be limited to the subject matter of the hearing.

E. Written Materials

- (1) Speakers who have prepared remarks or supporting documents are encouraged to leave a copy with the Town Clerk.
- (2) Written materials will be provided to the Town Council but will not be included in the official meeting minutes.

F. Audience Conduct and Decorum

- (1) Members of the audience must maintain order and decorum at all times.
- (2) Comments, applause, questions, jeering, or other interruptions from the audience are not permitted.
- (3) Speakers may not address or respond to members of the audience.

G. Council Response to Public Comment

- (1) Speakers should not expect direct comment or response from the Council during the meeting.
- (2) The Mayor or presiding officer may request follow-up by the Town Manager or staff or provide additional information at a later time.

H. Enforcement and Suspension of Rules

- (1) The Mayor or other presiding officer has the authority to enforce these rules.
- (2) The Mayor, presiding officer, or a majority of the Council may suspend the rules at their discretion.
- (3) Failure to comply with these rules may result in forfeiture of remaining speaking time, removal from the meeting, and possible criminal charges.

I. Applicable State Law

- (1) Speakers and audience members are advised of the following state law.
- (2) N.C.G.S. § 143-318.17 – Disruptions of official meetings.
A person who willfully interrupts, disturbs, or disrupts an official meeting and refuses to leave when directed by the presiding officer is guilty of a Class 2 misdemeanor.

2. Remote Public Comment Procedures

- A. To accommodate those who are unable to attend in person or are not comfortable doing so, the Town Board of Commissioners will receive comments from those members using the remote Public Comment option as described below.
- B. Remote public comments may be sent to townhall@biltmoreforest.org beginning on the Friday before the meeting at 5pm (after the agenda is posted on the Town's website) through the Monday before the meeting at 5pm.
- C. These emails will be provided in their entirety to all Commissioners and the Mayor prior to the meeting. Contact information from the commenter is required for all public comments.
- D. Remote public comments will be posted and available for the public to review after the meeting takes place.

BOARD OF COMMISSIONERS MEETING
STAFF MEMORANDUM
JANUARY 13, 2026



Agenda Item H-2

Consideration of Formal Creation for Town Tree Committee

Background

There are several requirements for the Town to become a designated “Tree City USA” community. The Town has already undertaken the creation of a tree committee and that committee has already held their first lecture event and is meeting monthly. Before we can officially make this application, the tree committee must be formally created by the Board of Commissioners.

Action Requested

Staff requests the formal creation of the Town of Biltmore Forest Tree Committee. There are currently quite a few individuals attending the meetings and I would like to request formal creation of the committee this month with member designation next month. A copy of the Tree Committee’s purpose and upcoming speaker series events are attached to this memorandum.

ReForest the Forest: A Speaker Series Presented by the Biltmore Forest Tree Committee



Caring for Our Forest

Trees are central to the beauty, character, and environmental health of The Town of Biltmore Forest. To help protect and strengthen this legacy, the town has formed a Tree Committee made up of residents working in partnership with the town.

These free presentations are designed for residents who want practical, trustworthy information about caring for our local forest canopy. We invite you to learn more and join the conversation!

ReForest the Forest: Upcoming Events

Post-Disturbance Forest Regeneration – February 17 | 5:30 pm

Speaker: Dr. Dave Ellum, Dean and Director of the Center for Working Lands at Warren Wilson College, with decades of experience in forest ecology and management.

Learn how Southern Appalachian forests naturally recover after storms and other disturbances, and how native trees play a key role in long-term forest health. This talk will help residents better understand what's happening in our woods and how thoughtful planting can support recovery.

Growing a Legacy: Simple Urban Forestry – April 21 | 5:30 pm

Speaker: W. Keith Aitken, Urban Forester for the City of Asheville, with more than 30 years of experience in forestry and environmental stewardship.

A practical, accessible guide for residents interested in planting and caring for trees on their own property. Learn how small, well-chosen plantings can improve neighborhood beauty, support wildlife, and benefit future generations.

About the Biltmore Forest Tree Committee

We are a group of residents working with the town to restore and protect Biltmore Forest's tree canopy and natural biodiversity.

- Our work includes:
- Supporting tree planting and reforestation efforts
- Helping residents identify and remove invasive plants
- Hosting educational presentations and workshops
- Promoting best practices for tree care and native landscaping
- Supporting the town's goal of achieving Tree City USA designation

How would one get involved?

Tree Committee meetings are held the first Tuesday of every month at 4:00 pm at Town Hall. All residents are welcome! No experience is needed – just an interest in caring for the forest we all share.

Come to a talk, attend a meeting, and help protect our forest for the future!

BOARD OF COMMISSIONERS MEETING
STAFF MEMORANDUM
JANUARY 13, 2026



Agenda Item H-3

Consideration of Formal Creation for Town Tree Committee

Background

Commissioner Drew Stephens presented the idea of creating a Town flag at the August 2025 meeting. A town resident provided an initial design which was sent to the North American Vexillological Association for their review and feedback. The Town received their comments and worked with Oby Morgan, town resident, to refine the design and come up with a concept that utilized the Town's history and incorporated their recommendations and comments. The result is the flag that is attached for the Board's review and discussion.

Action Requested

All that is required is routine approval from the Board of this flag design. If you would prefer more information or additional work, please let me know.

TOWN OF BILTMORE FOREST FLAG

PROPOSED DESIGN

JANUARY 2026

