**TOWN OF BURNSVILLE, NORTH CAROLINA**
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**June 30, 2025**


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## Independent Auditor's Report

To the Town Council
Town of Burnsville
Burnsville, North Carolina

**Report on the Audit of Financial Statements**

**Opinions**

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

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Burnsville as of June 30, 2025, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund and each major 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 Burnsville 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 these financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's Responsibilities for the Audit of the Financial Statements**

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

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

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsible to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on

the effectiveness of the Town of Burnsville'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 Burnsville's ability to continue as a going concern for a reasonable period of time.

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

**Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios, 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, and the other Postemployment Benefits' Schedules of Funding Progress and Employer Contributions Local Government Employees' Retirement System Schedules of the Towns's Proportionate Share of Net Pension Asset and Town Contributions, pages 10-19 and 58-60, respectively, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Burnsville's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The Schedule of Expenditures of Federal and State Awards as required by the 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 and is also not a required part of the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above, and the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

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

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

**Other Reporting Required by *Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated December 4, 2025 on our consideration of the Town of Burnsville'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 the Town of Burnsville'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 the Town of Burnsville's internal control over financial reporting and compliance.

*S. Gillespie P.A.*
***Spruce Pine, North Carolina***
***December 4, 2025***

As management of the Town of Burnsville, we offer readers of the Town of Burnsville's financial statements this narrative overview and analysis of the financial activities of the Town of Burnsville 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

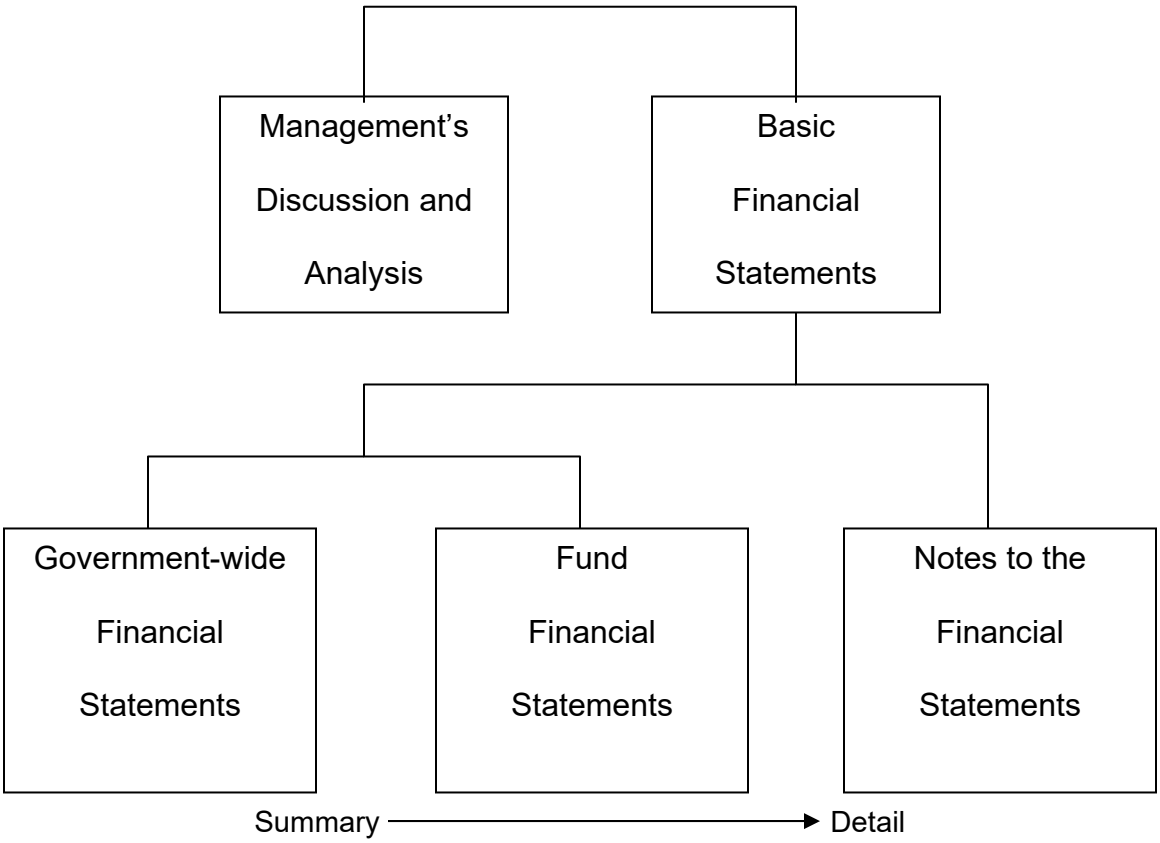
- The assets of the Town of Burnsville exceeded its liabilities at the close of the fiscal year by $25,113,259.
- The government's total net position increased by $5,207,972 for current year change.
- As of the close of the current fiscal year, The Town of Burnsville's governmental funds reported combined ending fund balances of $8,945,462 an increase of $5,952,730 in comparison with the prior year. Approximately 43 percent of this total amount or $3,962,637 is available for spending at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was $3,962,637 or 274 percent of total general fund expenditures and transfers for the fiscal year.
- The Town of Burnsville's total general fund debt generated by installment obligations decreased by $106,666 during the current fiscal year. Special revenue fund debt increased by $3,604,723 due to a state cashflow loan.

## Overview of the Basic Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Burnsville'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 Burnsville.

**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.** These statements provide short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 5) are the **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 General Statutes also can be found in this part of the statements.

**Government-wide Financial Statements**

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

The two government-wide statements report the Town's net position and how it has changed. Net position is the difference between the Town's total assets and total liabilities. 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, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer services offered by the Town of Burnsville.

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

**Fund Financial Statements**

The fund financial statements (see Figure 2) 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 Burnsville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Burnsville 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 be readily 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* that 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 less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Burnsville adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the

Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

**Proprietary Funds** – The Town of Burnsville has one 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 Burnsville uses enterprise funds to account for its water and sewer activity. These funds are 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 are on pages 29-57 of this report.

**Other Information**

Combining and individual fund statements and schedules are also included in this report.

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

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Current and other assets | $ 11,300,907 | $ 3,027,721 | $ 4,718,257 | $ 4,841,942 | $ 16,019,164 | $ 7,869,663 |
| Capital assets and noncurrent assets | 6,736,888 | 6,891,968 | 16,119,661 | 13,170,423 | 22,856,549 | 20,062,391 |
| Total assets | 18,037,795 | 9,919,689 | 20,837,918 | 18,012,365 | 38,875,713 | 27,932,054 |
| Deferred Outflows of Resources | 937,037 | 646,017 | 505,984 | 609,120 | 1,443,021 | 1,255,137 |
| Long-term liabilities outstanding | 6,931,894 | 3,494,181 | 3,427,444 | 3,319,526 | 10,359,338 | 6,813,707 |
| Other liabilities | 2,423,279 | 188,846 | 505,928 | 557,330 | 2,929,207 | 746,176 |
| Total liabilities | 9,355,173 | 3,683,027 | 3,933,372 | 3,876,856 | 13,288,545 | 7,559,883 |
| Deferred Inflows of Resources | 1,282,305 | 886,672 | 770,569 | 770,569 | 2,052,874 | 1,657,241 |
| **Net position:** | | | | | | |
| Net investment in capital assets | 7,765,846 | 5,716,983 | 16,346,940 | 12,256,950 | 24,112,786 | 17,973,933 |
| Restricted | 3,480,959 | 604,818 | 1,813,556 | 1,625,291 | 5,294,515 | 2,230,109 |
| Unrestricted | (2,909,451) | (325,794) | (1,384,591) | 91,820 | (4,294,042) | (233,974) |
| Total net position | $ 8,337,354 | $ 5,996,007 | $ 16,775,905 | $ 13,974,061 | $ 25,113,259 | $ 19,970,068 |

As noted earlier, net position may serve over time as one useful indication of an agency's financial condition. The assets of The Town of Burnsville exceeded liabilities by $25,113,259 as of June 30, 2025. The Town's net position increased by $5,207,972 for the fiscal year ended June 30, 2025. However, the largest portion (96%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment) less any related debt still outstanding that was issued to acquire those items. The Town of Burnsville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Burnsville's investment in its 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. The remaining balance of $(4,131,483) is unrestricted.

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

- Increased grant awards generated additional revenue
- Property tax valuations increased tax revenue
- The Town was able to adequately monitor and control expenditures

**Town of Burnsville's Changes in Net Position**

**Figure 3**

| | Governmental Activities | | Business-Type Activities | | Total | Total |
|---|---|---|---|---|---|---|
| | **2025** | **2024** | **2025** | **2024** | **2025** | **2024** |
| **Revenues:** | | | | | | |
| **Program Revenues:** | | | | | | |
| Charges for services | $ 146,942 | $ 130,982 | $ 2,862,956 | $ 2,805,174 | $ 3,009,898 | $ 2,936,156 |
| Operating grants and contribution | 3,326,858 | 401,606 | - | - | 3,326,858 | 401,606 |
| Capital grants and contributions | 60,991 | 51,507 | 2,905,239 | 3,108,555 | 2,966,230 | 3,160,062 |
| **General Revenues:** | | | | | | |
| Property taxes | 1,564,994 | 941,684 | - | - | 1,564,994 | 941,684 |
| Other Taxes | 1,064,414 | 892,022 | - | - | 1,064,414 | 892,022 |
| Investment earnings | 73,472 | 80,579 | 44,896 | 46,922 | 118,368 | 127,501 |
| Other | 952,339 | 16,624 | 9,398 | 201,304 | 961,737 | 217,928 |
| Total revenues | 7,190,010 | 2,515,004 | 5,822,489 | 6,161,955 | 13,012,499 | 8,676,959 |
| **Expenses:** | | | | | | |
| General government | 428,672 | 483,396 | - | - | 428,672 | 483,396 |
| Public safety | 3,876,859 | 1,022,672 | - | - | 3,876,859 | 1,022,672 |
| Public works | 205,163 | 260,898 | - | - | 205,163 | 260,898 |
| Town Centre Operations | 124,842 | 144,230 | - | - | 124,842 | 144,230 |
| Cultural and recreation | 48,842 | 61,447 | - | - | 48,842 | 61,447 |
| Environmental protection | 130,715 | 111,127 | - | - | 130,715 | 111,127 |
| Economic development | - | 25,000 | - | - | - | 25,000 |
| Interest expense | 33,570 | 36,900 | - | - | 33,570 | 36,900 |
| Water and sewer | - | - | 2,955,864 | 2,807,263 | 2,955,864 | 2,807,263 |
| Total expenses | 4,848,663 | 2,145,670 | 2,955,864 | 2,807,263 | 7,804,527 | 4,952,933 |
| **Increase in net position** | 2,341,347 | 369,334 | 2,866,625 | 3,354,692 | 5,207,972 | 3,724,026 |
| **Net Position:** | | | | | | |
| Net position, July 1 | 5,996,007 | 5,626,673 | 13,974,061 | 10,619,369 | 19,970,068 | 7,255,422 |
| Restatement | - | - | (64,781) | - | (64,781) | - |
| Net position, July 1, as restated | 5,996,007 | 5,626,673 | 13,909,280 | 10,619,369 | 19,905,287 | 7,255,422 |
| Net position, June 30 | $ 8,337,354 | $ 5,996,007 | $ 16,775,905 | $ 13,974,061 | $ 25,113,259 | $ 10,979,448 |

**Governmental activities.** Governmental activities increased the Town's net position by $2,341,347. Key elements of this increase are as follows:

- Increased property tax valuation leading to increased tax revenues
- Insurance proceeds to reimburse additional costs of Hurricane Helene
- Controlled expenditures

**Business-Type Activities:** Business-type activities increased the Town of Burnsville's net position by $2,866,625. Key elements of this increase are as follows:

- Administered capital grants to fund various water and sewer infrastructure improvements.

## Financial Analysis of the Town's Funds

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

**Governmental Funds**. The focus of the Town of Burnsville'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 Burnsville's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of The Town of Burnsville. At the end of the current fiscal year, unassigned fund balance of the General Fund was $3,962,637 while total general fund balance reached $4,438,820. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 200 percent of total General Fund expenditures and transfers (compared to 110% in 2024) while total fund balance represents 224 percent of that same amount (compared to 137% in 2024).

At June 30, 2025, the governmental funds of The Town of Burnsville reported a combined change of $5,952,730, an increase over last year. Largely responsible for this change in fund balance is the inflow of loan proceeds from a State cashflow loan.

**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.

**Proprietary Funds.** The Town of Burnsville's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Total net position of the Water and Sewer Fund at the end of the fiscal year amounted to

$16,775,905. The change in net position was $2,866,625. Other factors concerning the finances of the fund have already been addressed in the discussion of the Town of Burnsville's business-type activities.

## Capital Asset and Debt Administration

**Capital assets.** The Town of Burnsville's investment in capital assets for its governmental and business-type activities as of June 30, 2025, totals $22,841,071 (net of accumulated depreciation). These assets include buildings, infrastructure, land, machinery and equipment, vehicles, and water and sewer systems. Unamortized bond proceeds are also included in this category.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Continuing construction on waterline and sewer improvement projects

**Town of Burnsville's Capital Assets**
**(Net of Depreciation)**

**Figure 4**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Land | $ 2,273,131 | $ 2,273,131 | $ 28,009 | $ 28,009 | $ 2,301,140 | $ 2,301,140 |
| Construction in progress | - | - | 3,041,183 | 2,005,617 | 3,041,183 | 2,005,617 |
| Infrastructure | 714,032 | 731,954 | - | - | 714,032 | 731,954 |
| Buildings | 3,531,577 | 3,627,928 | - | - | 3,531,577 | 3,627,928 |
| Plant and systems | - | - | 12,891,715 | 11,005,823 | 12,891,715 | 11,005,823 |
| Equipment and furniture | 191,502 | 144,055 | 158,754 | 130,974 | 350,256 | 275,029 |
| Vehicles | 11,168 | 95,469 | - | - | 11,168 | 95,469 |
| Total | $ 6,721,410 | $ 6,872,537 | $ 16,119,661 | $ 13,170,423 | $ 22,841,071 | $ 20,042,960 |

Additional information on the Town's capital assets can be found in note 4 of the Basic Financial Statements.

**Long-Term Debt**. As of June 30, 2025, The Town of Burnsville had total debt and related liabilities outstanding of $10,504,928.

**Figure 5**

| | Governmental Activities | | Business-Type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Compensated Absences | $ 77,071 | $ 52,831 | $ 68,535 | $ 51,282 | $ 145,606 | $ 104,113 |
| Other post employment bene | 1,522,168 | 1,634,240 | 2,017,758 | 1,888,552 | 3,539,926 | 3,522,792 |
| Installment purchases | 4,653,611 | 1,155,554 | 862,940 | 913,473 | 5,516,551 | 2,069,027 |
| Total pension liability | 326,940 | 347,420 | - | - | 326,940 | 347,420 |
| Net pension liability | 412,445 | 447,814 | 546,730 | 517,501 | 959,175 | 965,315 |
| Lease obligations | 16,730 | 19,768 | - | - | 16,730 | 19,768 |
| Total | $ 7,008,965 | $ 3,657,627 | $ 3,495,963 | $ 3,370,808 | $10,504,928 | $ 7,028,435 |

The Town of Burnsville's total long-term debt increased by $3,476,493 during the past fiscal year due to additional disclosure of sick time and a new cashflow loan from the Department of Environmental Quality.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Burnsville's long-term debt is $ 16,765,346.

Additional information regarding the Town of Burnsville's long-term debt can be found in the notes to the basic financial statements.

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

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

- Continued collection measures by staff will keep revenues stable.
- Administration will recommend utility rate increases based on plan recommendations for infrastructure needs.
- Continue planning projects for infrastructure improvements to encourage development.
- Continue to follow recommendations of Yancey County's strategic plan

- Continue updates to the GIS mapping system as new water/sewer infrastructure comes on the system. The Town will continue to work towards having all the water/sewer lines in this system in the next couple of years.
- Continue to monitor our fee schedule for building permits and other fees to stay current with the county and surrounding towns.

Management will weigh the financial advantages/disadvantages of each petition in relation to the Town's overall well-being.

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

**Governmental Activities:** Anticipated budgeted revenues and expenditures in the General Fund are expected to remain consistent with prior years. Sales tax has exceeded expectations for two years in a row. We have several new single family/sub-divisions as well as businesses that will increase our tax base.

**Business-Type Activities:** General operating expenses are expected to increase somewhat as we continue to navigate residual effects from tropical storm Helene.

Continue applying for grant funding to replace aging infrastructure, as well as to secure new infrastructure funds from all available sources.

**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 Director of Finance, Town of Burnsville, P.O. Box 97, Burnsville, NC 28714.

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**STATEMENT OF NET POSITION**
**JUNE 30, 2025**

| | Primary Government | | | |
|---|---|---|---|---|
| | Governmental Activities | Business-Type Activities | Total | Town of Burnsville ABC Board |
| **Assets:** | | | | |
| **Current Assets:** | | | | |
| Cash and cash equivalents | $ 4,000,418 | $ 8,145,942 | $ 12,146,360 | $ 361,883 |
| Taxes receivable (net) | 9,237 | - | 9,237 | - |
| Accounts receivable (net) | 32,754 | 338,755 | 371,509 | - |
| Due from other governments | 1,203,985 | 711,183 | 1,915,168 | - |
| Internal balances | 4,673,211 | (4,673,211) | - | - |
| Inventory | - | 45,560 | 45,560 | 236,887 |
| Prepaid expense | 8,526 | 4,558 | 13,084 | |
| Restricted cash and equivalents | 1,372,776 | 145,470 | 1,518,246 | - |
| Total current assets | 11,300,907 | 4,718,257 | 16,019,164 | 598,770 |
| **Non-current Assets:** | | | | |
| Capital Assets: | | | | |
| Land, nondepreciable improvements, and construction in progress | 2,273,131 | 3,069,192 | 5,342,323 | - |
| Other capital assets, net of depreciation | 4,448,279 | 13,050,469 | 17,498,748 | 2,000,746 |
| Total capital assets | 6,721,410 | 16,119,661 | 22,841,071 | 2,000,746 |
| Right to use assets, net of amortization | 15,478 | - | 15,478 | |
| Total non-current assets: | 6,736,888 | 16,119,661 | 22,856,549 | |
| Total assets | 18,037,795 | 20,837,918 | 38,875,713 | 2,599,516 |
| **Deferred Outflows of Resources** | 937,037 | 505,984 | 1,443,021 | |
| **Liabilities:** | | | | |
| **Current Liabilities:** | | | | |
| Accounts payable | 1,130,663 | 291,923 | 1,422,586 | 187,039 |
| Unearned revenue | 1,215,545 | 145,470 | 1,361,015 | - |
| Compensated absences - current | 77,071 | 68,535 | 145,606 | - |
| Total current liabilities | 2,423,279 | 505,928 | 2,929,207 | 187,039 |
| **Long-Term Liabilities:** | | | | |
| Due within one year | 106,666 | 50,000 | 156,666 | 44,168 |
| Due in more than one year | 6,825,228 | 3,377,444 | 10,202,672 | 1,470,148 |
| Total long-term liabilities | 6,931,894 | 3,427,444 | 10,359,338 | 1,514,316 |
| Total Liabilities | 9,355,173 | 3,933,372 | 13,288,545 | 1,701,355 |
| **Deferred Inflows of Resources:** | 1,282,305 | 634,625 | 1,916,930 | - |
| **Net Position:** | | | | |
| Net investment in capital assets | 7,765,846 | 16,346,940 | 24,112,786 | 486,430 |
| Restricted for Streets - Powell Bill | 170,776 | - | 170,776 | - |
| Restricted for Stabilization by State Statute | 1,359,695 | - | 1,359,695 | - |
| Restricted for Capacity Depletion Impact and System De | - | 1,813,556 | 1,813,556 | - |
| Restricted for Working Capital - ABC | - | - | - | 63,343 |
| Restricted by granting agency | 3,310,183 | | 3,310,183 | |
| Unrestricted | (4,269,146) | (1,384,591) | (5,653,737) | 348,388 |
| Total net position | $ 8,337,354 | $ 16,775,905 | $ 25,113,259 | $ 898,161 |

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

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED JUNE 30, 2025**

| Functions/Programs | Expenses | Program Revenues: Charges for Services | Program Revenues: Operating Grants and Contributions | Program Revenues: Capital Grants and Contributions | Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities | Primary Government: Business-Type Activities | Primary Government: Total | Town of Burnsville ABC Board |
|---|---|---|---|---|---|---|---|---|
| **Primary Government:** | | | | | | | | |
| **Governmental Activities:** | | | | | | | | |
| General Government | $ 428,672 | $ - | $ - | $ - | $ (428,672) | $ - | $ (428,672) | $ - |
| Public Safety | 3,876,859 | 18,951 | 3,261,879 | 60,991 | (535,038) | - | (535,038) | - |
| Public Works | 205,163 | - | 63,759 | - | (141,404) | - | (141,404) | - |
| Environmental protection | 124,842 | 48,500 | 1,220 | - | (75,122) | - | (75,122) | - |
| Cultural and recreational | 48,842 | - | - | - | (48,842) | - | (48,842) | - |
| Town Centre | 130,715 | 79,491 | - | - | (51,224) | - | (51,224) | - |
| Interest on long-term debt | 33,570 | - | - | - | (33,570) | - | (33,570) | - |
| Total governmental activities | 4,848,663 | 146,942 | 3,326,858 | 60,991 | (1,313,872) | - | (1,313,872) | - |
| **Business-Type Activities** | | | | | | | | |
| Water and Sewer | 2,955,864 | 2,862,956 | - | 2,905,239 | - | 2,812,331 | 2,812,331 | - |
| Total business-type activities | 2,955,864 | 2,862,956 | - | 2,905,239 | - | 2,812,331 | 2,812,331 | - |
| Total primary government | $ 7,804,527 | $ 3,009,898 | $ 3,326,858 | $ 2,966,230 | (1,313,872) | 2,812,331 | 1,498,459 | - |
| **Component Unit:** | | | | | | | | |
| Town of Burnsville ABC Board | $ 2,099,416 | | $ 2,165,147 | $ - | - | - | - | 65,731 |
| Total Component unit | $ 2,099,416 | $ - | $ 2,165,147 | $ - | - | - | - | 65,731 |
| **General Revenues:** | | | | | | | | |
| Taxes: | | | | | | | | |
| Ad valorem | | | | | 1,564,994 | - | 1,564,994 | - |
| Local general sales tax | | | | | 802,285 | - | 802,285 | - |
| Utility and cable franchise tax | | | | | 223,054 | - | 223,054 | - |
| Other taxes and licenses | | | | | 39,075 | - | 39,075 | - |
| Unrestricted investment earnings | | | | | 73,472 | 44,896 | 118,368 | - |
| Miscellaneous revenues | | | | | 39,626 | 9,398 | 49,024 | - |
| Insurance proceeds | | | | | 912,713 | - | 912,713 | - |
| Total general revenues and transfers | | | | | 3,655,219 | 54,294 | 3,709,513 | - |
| Change in net position | | | | | 2,341,347 | 2,866,625 | 5,207,972 | 65,731 |
| **Net Position:** | | | | | | | | |
| Beginning of year, July 1 | | | | | 5,996,007 | 13,974,061 | 19,970,068 | |
| Restatement | | | | | - | (64,781) | (64,781) | - |
| Beginning of year, July 1 | | | | | 5,996,007 | 13,909,280 | 19,905,287 | 872,558 |
| End of year, June 30 | | | | | $ 8,337,354 | $ 16,775,905 | $ 25,113,259 | $ 938,289 |

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

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**BALANCE SHEET - GOVERNMENTAL FUNDS**
**JUNE 30, 2025**

| | Major Funds | | | |
|---|---|---|---|---|
| | General | Disaster Relief Special Revenue Fund | Non-Major Funds | Total Governmental Funds |
| **Assets:** | | | | |
| Cash and cash equivalents | $ 3,952,923 | $ - | $ 47,495 | $ 4,000,418 |
| Restricted cash | 170,776 | 1,202,000 | - | 1,372,776 |
| Taxes receivable, net | 7,193 | - | - | 7,193 |
| Accounts receivable, net | 32,754 | | - | 32,754 |
| Due from other governments | 264,127 | 939,858 | - | 1,203,985 |
| Due from other funds | 91,161 | 4,582,050 | - | 4,673,211 |
| Prepaid insurance | 8,526 | - | - | 8,526 |
| Total assets | $ 4,527,460 | $ 6,723,908 | $ 47,495 | $ 11,298,863 |
| **Liabilities, Deferred Inflows of Resources and Fund Balances:** | | | | |
| **Liabilities:** | | | | |
| Accounts payable and accrued liabilities | $ 67,902 | $ 1,015,266 | $ 47,495 | $ 1,130,663 |
| Unearned revenue | - | 1,202,000 | - | 1,202,000 |
| Total liabilities | 67,902 | 2,217,266 | 47,495 | 2,332,663 |
| **Deferred Inflows of Resources:** | 20,738 | - | - | 20,738 |
| **Fund balances:** | | | | |
| Restricted: | | | | |
| Stabilization by State Statute | 305,407 | 1,196,459 | - | 1,501,866 |
| Streets - Powell Bill | 170,776 | - | - | 170,776 |
| Unassigned: | 3,962,637 | 3,310,183 | - | 7,272,820 |
| Total fund balances | 4,438,820 | 4,506,642 | - | 8,945,462 |
| Total liabilities, deferred inflows of resources, and fund balan | $ 4,527,460 | $ 6,723,908 | $ 47,495 | |
| Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because: | | | | |
| Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. | | | | 6,721,410 |
| Right to use assets are not reported in the funds | | | | 15,478 |
| Net pension liability | | | | (412,445) |
| Total pension liability - LEO Separation resources on the Statement of Net Position | | | | (326,940) |
| Other long term assets, including interest receivable on taxes, are not available to pay for current period expenditures and therefore are deferred in the funds. | | | | 9,237 |
| Long-term liabilities, other post employment benefits and compensated absences are not due and payable in the period and are also not reported in the funds. | | | | (6,252,850) |
| Leases payable are not reported in the funds | | | | (16,730) |
| Healthcare plan related deferrals | | | | (738,463) |
| Pension related deferrals | | | | 393,195 |
| Net position of governmental activities | | | | $ 8,337,354 |

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**STATEMENT OF REVENUES, EXPENDITURES, AND**
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | Major Funds | | | |
|---|---|---|---|---|
| | General Fund | Disaster Relief Special Revenue Fund | Non-Major Funds | Total Governmental Funds |
| **Revenues:** | | | | |
| Ad valorem taxes | $ 1,565,346 | $ - | $ - | $ 1,565,346 |
| Other taxes and licenses | 393 | - | - | 393 |
| Unrestricted intergovernmental | 1,110,816 | - | - | 1,110,816 |
| Restricted governmental | 534,268 | 2,807,180 | - | 3,341,448 |
| Permits and fees | 98,049 | - | 48,500 | 146,549 |
| Investment earnings | 73,472 | | - | 73,472 |
| Miscellaneous | 39,626 | - | - | 39,626 |
| Total revenues | 3,421,970 | 2,807,180 | 48,500 | 6,277,650 |
| **Expenditures:** | | | | |
| **Current:** | | | | |
| General government | 402,599 | - | - | 402,599 |
| Public safety | 966,115 | 2,817,974 | 48,500 | 3,832,589 |
| Public works | 190,284 | - | - | 190,284 |
| Environmental protection | 124,842 | - | - | 124,842 |
| Cultural and recreational | 48,842 | - | - | 48,842 |
| Town Centre | 102,963 | - | - | 102,963 |
| Economic development | - | - | - | - |
| **Debt Service:** | | | | |
| Principal | 106,667 | - | - | 106,667 |
| Interest and other charges | 33,570 | - | - | 33,570 |
| Total expenditures | 1,975,882 | 2,817,974 | 48,500 | 4,842,356 |
| Revenues over (under) expenditures | 1,446,088 | (10,794) | - | 1,435,294 |
| **Other Financing Sources (Uses):** | | | | |
| Insurance proceeds | - | 912,713 | - | 912,713 |
| Loan proceeds | - | 3,604,723 | - | 3,604,723 |
| Total other financing sources (uses) | - | 4,517,436 | - | 4,517,436 |
| Net change in fund balance | 1,446,088 | 4,506,642 | - | 5,952,730 |
| **Fund Balances:** | | | | |
| Beginning of year, July 1 | 2,992,732 | - | - | 2,992,732 |
| End of year, June 30 | $ 4,438,820 | $ 4,506,642 | $ - | $ 8,945,462 |

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

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES**
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**
**TO THE STATEMENT OF ACTIVITIES**
**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 | $ | 5,952,730 |
| Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets. | | 66,883 |
| Changes in pension deferrals | | (318,051) |
| Changes in other post employment benefit healthcare plan deferrals | | 213,438 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Change in deferred tax revenue | | 7,193 |
| Interest receivable on uncollected tax revenues | | (7,545) |
| Loan proceeds | | (3,604,723) |
| Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement. | | (218,008) |
| 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 the governmental funds | | |
| Compensated absenses | | (24,240) |
| Pension plan - LGERS | | 35,369 |
| Pension plan - LEO | | 20,480 |
| OPEB expense | | 112,072 |
| Amortization expense and interest on right to use assets | | (915) |
| Advance refunding of bonds and principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not reported. | | 106,666 |
| Total changes in net position of governmental activities. | $ | 2,341,349 |

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**GENERAL FUND AND MAJOR SPECIAL REVENUE FUND- STATEMENT OF REVENUES, EXPENDITURES**
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | General Fund | | | |
|---|---|---|---|---|
| | Budgeted Amounts | | Actual Amounts | Variance with Final Budget Over/Under |
| | Original | Final | | |
| **Revenues:** | | | | |
| Ad valorem taxes | $ 1,457,063 | $ 1,457,263 | $ 1,565,346 | $ (108,083) |
| Other taxes and licenses | - | - | 393 | (393) |
| Unrestricted intergovernmental | 850,000 | 931,100 | 1,110,816 | (179,716) |
| Restricted intergovernmental | 397,900 | 349,250 | 534,268 | (185,018) |
| Permits and fees | 92,500 | 93,650 | 98,049 | (4,399) |
| Investment earnings | 60,625 | 60,625 | 73,472 | (12,847) |
| Miscellaneous | 200,550 | 51,540 | 39,626 | 11,914 |
| Total revenues | 3,058,638 | 2,943,428 | 3,421,970 | (478,542) |
| **Expenditures:** | | | | |
| **Current:** | | | | |
| General government | 806,381 | 806,795 | 402,599 | 404,196 |
| Public safety | 1,397,589 | 1,246,867 | 966,115 | 280,752 |
| Public works | 508,208 | 508,200 | 190,284 | 317,916 |
| Environmental protection | 134,000 | 144,000 | 124,842 | 19,158 |
| Cultural and recreational | 84,548 | 92,202 | 48,842 | 43,360 |
| Town Centre | 127,912 | 127,912 | 102,963 | 24,949 |
| Total expenditures | 3,058,638 | 2,925,976 | 1,835,645 | 1,090,331 |
| Revenues over (under) expenditures | - | 17,452 | 1,586,325 | (1,568,873) |
| **Other Financing Sources (Uses):** | | | | |
| Transfers (to) from other funds | - | - | - | - |
| Loan/lease proceeds received (loan paym | - | (167,452) | (140,237) | (27,215) |
| Appropriations | - | 150,000 | - | 150,000 |
| Total other financing sources (uses) | - | (17,452) | (140,237) | 122,785 |
| Net change in fund balance | $ - | $ - | 1,446,088 | $ (1,446,088) |
| **Fund Balance:** | | | | |
| Beginning of year, July 1 | | | 2,992,732 | |
| End of year, June 30 | | | $ 4,438,820 | |

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

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**STATEMENT OF NET POSITION**
**PROPRIETARY FUNDS**
**JUNE 30, 2025**

| | 2025 |
|---|---|
| **Assets:** | |
| **Current Assets:** | |
| Cash and cash equivalents | $ 8,145,942 |
| Accounts receivable (net) | 338,755 |
| Due from other governments | 711,183 |
| Due to other funds | - |
| Inventory | 45,560 |
| Prepaid insurance | 4,558 |
| Restricted cash and equivalents | 145,470 |
| Total current assets | 9,391,468 |
| **Noncurrent Assets:** | |
| Non-depreciable assets | 3,069,192 |
| Other capital assets, net of depreciation | 13,050,469 |
| Total noncurrent assets | 16,119,661 |
| Total assets | $ 25,511,129 |
| **Deferred Outflows of Resources** | |
| Contributions to pension plan and OPEB healthcare costs | $ 505,984 |
| **Liabilities:** | |
| **Current Liabilities:** | |
| Accounts payable and accrued liabilities | $ 291,923 |
| Utility Customer deposits | 145,470 |
| Compensated absences | 68,535 |
| Due to other funds | 4,673,211 |
| Current maturities of debt | 57,200 |
| Total current liabilities | 5,236,339 |
| **Noncurrent Liabilities:** | |
| Other post employment health care benfits | 2,017,776 |
| Net pension liability | 546,730 |
| Clean water revolving loan fund | 805,738 |
| Total noncurrent liabilities | 3,370,244 |
| Total liabilities | 8,606,583 |
| **Deferred Inflows of Resources** | |
| Deferrals of Pension and OPEB Healthcare costs | 634,625 |
| **Net Position:** | |
| Net investment in capital assets | 15,256,723 |
| Restricted for system development fees | 1,813,556 |
| Unrestricted | (294,374) |
| Total net position | $ 16,775,905 |

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

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN**
**FUND NET POSITION - PROPRIETARY FUNDS**
**FOR THE YEAR ENDED JUNE 30, 2025**

| | 2025 |
|---|---|
| **Operating Revenues:** | |
| Charges for services | $ 2,612,578 |
| Water and sewer connection fees | 14,950 |
| Late and reconnect fees | 41,282 |
| System development fees | 178,992 |
| Fire Protection line | 9,274 |
| Other operating revenues | 5,880 |
| Total operating revenues | 2,862,956 |
| **Operating Expenses:** | |
| Water and sewer treatment and distribution | 2,560,949 |
| Depreciation and amortization | 394,915 |
| Total operating expenses | 2,955,864 |
| Operating income (loss) | (92,908) |
| **Nonoperating Revenues (Expenses):** | |
| Investment income | 44,896 |
| Miscellaneous revenues | 9,398 |
| Total nonoperating revenues (expenses) before transfers | 54,294 |
| Capital contributions | 2,905,239 |
| **Change in net position** | 2,866,625 |
| **Net Position:** | |
| Beginning of year, July 1 | 13,974,061 |
| Restatement | (64,781) |
| Beginning of year, July 1 | 13,909,280 |
| End of year, June 30 | $ 16,775,905 |

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

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**STATEMENT OF CASH FLOWS**
**PROPRIETARY FUNDS**
**FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

| | 2025 |
|---|---|
| **Cash Flows From Operating Activities:** | |
| Cash received from customers | $ 3,050,664 |
| Cash paid for goods and services | (1,030,452) |
| Cash paid to or on behalf of employees for services | (1,468,311) |
| Other operating revenues | 5,880 |
| Net cash provided (used) by operating activities | 557,781 |
| | |
| **Cash Flows From Capital and Related Financing Activities:** | |
| Capital grants and investments | 2,905,239 |
| (Acquisition) disposal and construction of capital assets | (3,408,934) |
| Repayments on long term debt | (50,535) |
| Transfers in from other funds | 4,457,966 |
| Net cash provided (used) by capital and related financing activities | 3,903,736 |
| | |
| **Cash Flows From Investing Activities:** | |
| Interest income and other | 54,294 |
| | 54,294 |
| | |
| Net (increase) in cash and cash equivalents | 4,515,811 |
| | |
| Cash and cash equivalents, July 1 | 3,775,601 |
| Cash and cash equivalents. June 30 | $ 8,291,412 |
| | |
| **Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:** | |
| Operating income (loss) | $ (92,908) |
| Adjustments to reconcile operating income to net cash provided (used) by operating activities: | |
| Depreciation and amortization | 394,915 |
| Changes in assets and liabilities and deferred outflows of resources: | |
| (Increase) decrease in operating accounts receivable | 20,730 |
| (Increase) decrease in due from other governments | 160,473 |
| (Increase) decrease in prepaid insurance | 328 |
| Increase (decrease) in accounts payable and accrued liabilities | (81,040) |
| Increase (decrease) in customer deposits | 12,385 |
| (Increase) decrease in deferred outflows of resources for pensions and retirement | 103,136 |
| Increase (decrease) in deferred inflows of resources for pensions and retirement | (135,944) |
| Increase (decrease) in accrued vacation pay | 17,253 |
| Increase (decrease) in net pension liability | 29,229 |
| Increase (decrease) in accrued OPEB liability | 129,224 |
| Total adjustments | 650,689 |
| Net cash provided by operating activities | $ 557,781 |

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

## NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Burnsville conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

*Reporting Entity:*

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

The Burnsville ABC Board is a corporate body with powers outlined by General Statutes [Chapter 18B-701.] The Town's governing body appoints members to the Burnsville ABC Board. The Burnsville ABC Board is required by State Statute to distribute its surpluses to the general fund of the Town, which represents a financial benefit to the Town. Therefore, the Burnsville ABC Board is reported as a discretely presented component unit in the Town's financial statements. Complete financial statements for the Burnsville ABC Board may be obtained by writing to P.O. Box 1127, Burnsville, NC 28714.

*Basis of Presentation - Fund Accounting:*

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

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

Fund Financial Statements: The fund financial statements provide information about the

Town's funds. Separate statements for each fund category – *governmental and proprietary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. Any other funds would be reported as non-major funds, but the Town has no other funds at this time.

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. Nonoperating revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities.

The Town reports the following major governmental funds:

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

Special Revenue Fund – The Special Revenue Fund is used to account for FEMA grants and other proceeds received to assist in repair and restoration efforts caused by Hurricane Helene.

The Town reports the following nonmajor governmental fund:

Fines and Forfeitures Special Revenue Fund. This accounts for various legal fines and forfeitures that the Town is required to remit to the Yancey County Board of Education.

The Town reports the following major enterprise fund:

Water and Sewer Fund - This fund is used to account for the Town's water and sewer operations and surface drainage system.

*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.

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, including lease liabilities, claims and judgments, and compensated absences which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under 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. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Burnsville because the tax is levied by Yancey County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Grant revenues which are unearned at year-end are recorded as unearned 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 are both restricted and unrestricted net assets available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

*Budgetary Data*

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Fines and Forfeitures Special Revenue Fund, and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Enterprise Fund 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 object level for the multi-year funds. The Finance Officer is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to $1,000; however, any revisions that alter total expenditures of any fund or that change functional appropriations by more than $1,000 must be approved by the governing board. During the year, several immaterial adjustments 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 the interim budget that covers that time until the annual ordinance can be adopted.

*Assets, Liabilities, and Fund Equity*

1. Deposits and Investments

   All deposits of the Town are made in board-designated official depositories and are collateralized 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 the 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

   The Town's investments with a maturity of more than one year at acquisition and non-money market investments are carried at fair value as determined by quoted market prices. The securities of the NCCMT Cash Portfolio, an SEC-registered (2a-7) money market mutual fund, are valued at fair value, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value. Money market investments that have a remaining maturity at the time of purchase of one year or less and non-participating interest earnings and investment contract are reported at amortized cost.

2. 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.

| | Town of Burnsville Restricted Cash | |
|---|---|---|
| Governmental Activities: | Streets | $ 170,776 |
| | FEMA Hurricane repair | 1,202,000 |
| Business type activities: | Water and Sewer Fund | |
| | Customer Deposits | 145,470 |
| Total restricted cash | | $1,518,246 |

3. 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 July 1, the beginning of the fiscal year. The taxes are due on September 1; however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2024.

4. 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.

5. Inventory

   The inventories of the Town are valued at cost (first-in, first-out), which approximates market. 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 purchased.

6. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are $5,000 for all capital assets. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, have not been recorded under the allowable exemption for Phase III governments in GASB Statement No. 34. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

The Town's capital assets also include certain right to use assets. These right to use assets arise in association with agreements where the Town reports a lease in accordance with the requirements of GASB Statement No. 87. The right to use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or before the start of the lease term, less lease incentives received from the lessor at or before the start of the lease term, and ancillary charges necessary to place

the lease asset into service. The right to use lease assets are amortized on a straight-line basis over the life of the related lease.

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

| Asset Class | Estimated Useful Lives |
|---|---|
| Infrastructure | 20-25 |
| Buildings | 50 |
| Equipment and Machinery | 5-20 |
| Vehicles | 10 |

7. 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: contributions made to the pension plan in the 2024 fiscal year and OPEB deferrals. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has three items that meet the criterion for this category – property tax receivable, deferrals of pension expense, and deferrals of other post employment healthcare benefit expense.

8. 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 assets. Materials bond issuance costs are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Material issuance costs are reported as deferred charges and amortized over the term of the related debt.

9. Compensated Absences

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example, paid in cash to the employee or paid to an employee

flex spending account) during or upon separation from employment. Based on the criteria above, two types of leave qualify for liability recognition for compensated absences – vacation and sick leave. The liability for compensated absences is recorded as incurred in the government-wide and proprietary fund financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits where applicable.

The vacation policies of the Town provide for the accumulation of thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and liability for compensated absences and salary-related payments are recorded as the leave is earned. The Town has assumed a last-in, first-out method of using accumulated compensated time. The portion of that time is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. In accordance with GASB 101, the Town has computed an estimate for disclosure in the financial statements of sick leave liability.

9. Net Position / Fund Balances

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

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

The governmental fund types classify fund balances as follows:

**Nonspendable Fund Balance** – This classification includes amounts that cannot be spent because they are (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 nonspendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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

- Restricted for Public Safety - portion of fund balance available for appropriation but legally segregated for fire department expenditures. It represents the balance of the total unexpended fire tax receipts from Yancey County.

**Committed Fund Balance** – portion of fund balance that can only be used for specific purposes imposed by majority vote of the governing body. Any changes or removal of specific purpose requires majority action by the governing body.

**Assigned Fund Balance** – portion of fund balance of the Town intended to be used for specific purposes.

- Subsequent year's expenditures – portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however, the budget ordinance authorizes the manager to modify the appropriation by resource within funds.

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

The Town has a revenue spending policy that provides guidance for programs with

multiple revenue sources. The Finance Officer will use resources in the following hierarchy, federal funds, State funds, and local funds. For purposes of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in order by committed fund balance, assigned fund balance, and lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

10. Pensions

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

## NOTE 2: DETAIL NOTES ON ALL FUNDS

*A. Assets*

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the unit'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 its name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial

institutions and to monitor them for compliance. The Town complies with the provisions of G.S.159-31 when designating official depositories and verifying deposits are properly secured.

At June 30, 2025, the Town's deposits had a carrying amount of $13,662,862 and a bank balance of $13,848,338. Of the bank balance, $250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The Town maintains a petty cash fund of $750.

At June 30, 2025, the ABC Board's deposits had a carrying amount of $361,883 and a bank balance of $362,065. All of the bank balance was covered by federal depository insurance. The ABC Board maintains a petty cash fund of $1200.

2. Investments

At June 30, 2025, the Town had $994 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's as of June 30, 2025. The Town has no policy regarding credit risk. The Town's Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

3. Receivables

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

| | Accounts | Taxes and Related Accrued Interest | Due from other Governments | Total |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| General | $ - | $ 12,237 | $ 1,203,985 | $ 1,216,222 |
| Allowance for doubtful accounts | - | (3,000) | - | (3,000) |
| Total governmental activities | $ - | $ 9,237 | $ 1,203,985 | $ 1,213,222 |
| | | | | |
| **Business-Type Activities** | | | | |
| Water fund | $ 376,533 | $ - | $ 711,183 | $ 1,087,716 |
| Allowance for doubtful accounts | (37,778) | - | - | (37,778) |
| Total business-type activities | $ 338,755 | $ - | $ 711,183 | $ 1,049,938 |

| | Governmental | Business-Type |
|---|---|---|
| Local option sales tax | $ 187,625 | $ - |
| Sales tax and franchise tax | 7,265 | 43,117 |
| Fire tax | 28,481 | - |
| Motor vehicle tax | 40,756 | |
| FEMA grant funding | 939,858 | |
| Capital grant funding | - | 668,066 |
| | $ 1,203,985 | $ 711,183 |

## 4. Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2025 was as follows:

| | June 30, 2024 | Additions | Deductions | June 30, 2025 |
|---|---|---|---|---|
| **Governmental Activities:** | | | | |
| **Capital assets not being depreciated:** | | | | |
| Land and construction in progress | $ 2,273,130 | $ - | $ - | $ 2,273,130 |
| Total capital assets not being depreciated | 2,273,130 | - | - | 2,273,130 |
| **Capital assets being depreciated:** | | | | |
| Infrastructure | 1,900,605 | 41,580 | - | 1,942,185 |
| Buildings | 4,766,499 | - | | 4,766,499 |
| Equipment and furniture | 832,266 | 25,303 | 50,939 | 806,630 |
| Vehicles | 1,530,795 | - | (81,591) | 1,612,386 |
| Total capital assets being depreciated | 9,030,165 | 66,883 | (30,652) | 9,127,700 |
| | | | | |
| **Less accumulated depreciation for:** | | | | |
| Infrastructure | 1,168,652 | 59,502 | - | 1,228,154 |
| Buildings | 1,138,568 | 96,410 | - | 1,234,978 |
| Equipment and furniture | 637,273 | 28,735 | - | 666,008 |
| Vehicles | 1,486,265 | 33,361 | (30,652) | 1,550,278 |
| Total accumulated depreciation | 4,430,758 | $ 218,008 | $ (30,652) | 4,679,418 |
| Total capital assets being depreciated, net | 4,599,407 | | | 4,448,282 |
| Governmental activity capital assets, net | $ 6,872,537 | | | $ 6,721,412 |

Depreciation was charged to governmental functions as follows:

| | |
|---|---|
| General Government | $ 29,617 |

| | |
|---|---|
| Public Safety | 101,764 |
| Public Works | 57,388 |
| Cultural and Recreational | 29,239 |
| | $218,008 |

| | June 30, 2024 | Additions | Deductions | June 30, 2025 |
|---|---|---|---|---|
| **Business-Type Activities:** | | | | |
| **Water Fund:** | | | | |
| **Capital Assets Not Being Depreciated:** | | | | |
| Land | $ 28,009 | $ - | $ - | $ 28,009 |
| Construction in progress | 2,005,617 | 1,596,741 | (561,175) | 4,163,533 |
| Total capital assets not being depreciated | 2,033,626 | 1,596,741 | (561,175) | 4,191,542 |
| **Capital Assets Being Depreciated:** | | | | |
| Plant | 16,891,130 | 1,760,113 | 625,946 | 18,025,297 |
| Equipment | 509,604 | 52,070 | - | 561,674 |
| Vehicles | 378,953 | - | - | 378,953 |
| Total capital assets being depreciated | 17,779,687 | 1,812,183 | 625,946 | 18,965,924 |
| **Less Accumulated depreciation for:** | | | | |
| Plant | 5,885,309 | 370,615 | - | 6,255,924 |
| Equipment | 378,628 | 24,300 | - | 402,928 |
| Vehicles | 378,953 | - | | 378,953 |
| Total accumulated depreciation | 6,642,890 | $ 394,915 | $ - | 7,037,805 |
| Water capital assets, net | | | | |
| Business-type capital assets, net | $ 13,170,423 | | | $ 16,119,661 |

Capital asset activity for the component unit is as follows:

| | | Cost | Accumulated Depreciation | Net Amount |
|---|---|---|---|---|
| Equipment | 5-10 yrs. | $ 59,912 | $ 7,902 | $ 36,536 |
| Land | | 415,000 | - | 415,000 |
| Buildings | 39 yrs | 1,603,752 | 41,122 | 1,549,210 |
| | Total | $ 2,042,499 | $ 49,024 | $ 2,000,746 |

5. Right to Use Leased Asset

The Town has recorded a right to use leased assets for a copier. The related lease is discussed in the leases subsection of the long term obligations section of this note. The right to use lease asset is amortized on a straight-line basis over the terms of the related leases.

Right to use activity was as follows:

| | |
|---|---|
| Copier | $20,748 |
| Accumulated amortization | (5,270) |
| Net Right to Use Asset | $15,478 |

## *B. Liabilities*

1. Payables

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

| | Vendors | Other | Total |
|---|---|---|---|
| **Governmental Activities:** | | | |
| General | $1,122,378 | $ 8,285 | $1,130,663 |
| Total governmental activities | $1,122,378 | $ 8,285 | $1,130,663 |
| **Business-Type Activities:** | | | |
| Water | $ 283,493 | $ 8,430 | $291,923 |
| Total business-type activities | $ 283,493 | $ 8,430 | $291,923 |

2. Pension Plan Obligations

a. Local Government Employees' Retirement System

*Plan Description* The Town of Burnsville 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. LGER membership is comprised of general employees and law enforcement officers (LEOs) of participating local government 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, and 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, or by calling (919) 981-5454.

Benefits Provided: LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable services. 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 year of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon the 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 at age 50 with 15 years 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 or service and who also have completed either 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 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 Statue 128-30 and may be amended only by the North Carolina General Assembly. The Town of Burnsville employees are required to contribution 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Burnsville's contractually required contribution rate for the year ended June 30, 2025 was 15.04% of compensation for law enforcement officers and 13.67% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan for the Town of Burnsville were $223,763 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 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 employee 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 $959,176 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long term share of future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2025, the Town's proportion was .01423%, which was a decrease of .00035% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the Town recognized pension expense of $289,185. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows | Deferred Inflows |
|---|---|---|
| Differences between expected and actual experience | $ 168,084 | $ 1,130 |
| Changes of assumptions | | |
| Net difference between projected and actual earnings on pension plan investments | $ 130,399 | |
| Changes in proportion and difference between employer contributions and proportionate share of contributions | $ 26,769 | $35,113 |
| Town contributions subsequent to the measurement date | $ 223,763 | |
| Total | $ 549,015 | $ 36,243 |

$223,763 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pension will be recognized in pension expense as follows:

Year ended June 30:

| | |
|---|---|
| 2026 | $ 84,518 |
| 2027 | $ 184,879 |
| 2028 | $ 34,356 |
| 2029 | $ (14,744) |
| 2030 | - |
| | $ 289,009 |

*Actuarial Assumptions.* The total pension liability in the December 31, 2023 actuarial valuation

was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---|---|
| Inflation | 3.0 percent |
| Salary increases | 3.50 to 8.10 percent, including inflation and productivity factor |
| Investment rate of return | 6.50 percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the December 31, 2020 valuation were based on results of an actuarial experience study for the period January 1, 2014 through December 31, 2019.

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

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

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|---|---|---|
| Fixed Income | 29.0% | 1.4% |
| Global Equity | 42.0% | 5.3% |
| Real Estate | 8.0% | 4.3% |
| Alternatives | 8.0% | 8.9% |
| Credit | 7.0% | 6.0% |
| Inflation Protection | 6.0% | 4.0% |
| Total | 100% | |

The information above is based on 30 year expectations developed with the consulting actuary for the 2020 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.0%. 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 asset to changes in the discount rate. The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

| | 1% Decrease (5.50%) | Discount Rate (6.5%) | 1% Increase (7.5%) |
|---|---|---|---|
| Town's proportionate share of the net pension liability (asset) | $ 1,699,688 | $ 959,176 | $ 350,003 |

Pension plan fiduciary net position. Detailed information about the pension plan's fiduciary net

position is available in the separately issued Annual Comprehensive Financial Report (ACFR) for the State of North Carolina.

b. Law Enforcement Officers Special Separation Allowance

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

All full-time Town law enforcement officers are covered by the Separation Allowance.

At December 31, 2023, the Separation Allowance's membership consisted of:

| | |
|---|---|
| Retirees receiving benefits | 0 |
| Terminated plan members entitled to but not yet receiving benefits | 0 |
| Active plan members | 7 |
| Total | 7 |

## *2. Summary of Significant Accounting Policies*

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

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

## *3. Actuarial Assumptions*

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

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

The discount rate used to measure TPL is the weekly average of Bond Buyer General Obligation 20 year Municipal Bond Index determined at the end of each month.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

***3. Contributions.***

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid out no 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 $326,940. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of $6,671.

| | Deferred Outflows of | Deferred Inflows of |
|---|---|---|
| Differences between expected and actual experience | $ 15,459 | $ 124,789 |
| Changes of assumptions | 33,890 | 44,137 |
| Town benefit payments and plan administrative expense made subsequent to the measurement date | - | - |
| Total | $ 49,349 | $ 168,926 |

No amount reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30,

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

For the year ended June 30:

| | |
|---|---|
| 2026 | $ 18,991 |
| 2027 | $ 37,075 |
| 2028 | $ 47,468 |
| 2029 | $ 13,665 |
| 2030 | $ 2,378 |
| Thereafter | $ -0- |

*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 | $ 351,062 | $ 326,940 | $ 304,679 |

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

| | |
|---|---|
| **Total Pension Liability as of December 31, 2023** | $ 347,420 |
| **Changes for the year:** | |
| Service Cost at End of Year | 11,468 |
| Interest | 13,731 |
| Change in benefit terms | 0 |
| Difference between expected and actuarial Experience | ( 30,822) |
| Changes of assumptions and other inputs | ( 6,561) |
| Benefit payments | ( 8,296) |
| Other | 0 |
| **Net changes** | $ (20,480) |
| **Total Pension Liability as of December 31, 2024** | $ 326,940 |

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, 2014 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:

| | LGERS | LEOSSA | Total |
|---|---|---|---|
| Pension Expense | $ 289,185 | $ 6,671 | $ 295,856 |
| Pension Liability | 959,176 | 326,940 | 1,286,116 |
| Proportionate share of the net pension liability | 1.45800% | n/a | |
| | | | |
| Deferred Outflows of Resources | | | |
| Differences between expected and actual experience | 168,084 | 15,459 | 183,543 |
| Changes of assumptions | - | 33,890 | 33,890 |
| Net difference between projected and actual earnings on plan investments | 130,399 | - | 130,399 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 26,769 | - | 26,769 |
| Benefit payments and administrative costs paid subsequent to the measurement date | 223,763 | - | 223,763 |
| | | | |
| Deferred Inflows of Resources | | | |
| Differences between expected and actual experience | 1,130 | 124,789 | 125,919 |
| Changes of assumptions | - | 44,137 | 44,137 |
| Net difference between projected and actual earnings on plan investments | - | - | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 35,113 | - | 35,113 |

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 (ACFR) for the State of North Carolina. The State's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are immediately vested. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2025 were $22,172, which consisted of $22,172 from the Town and none from the law enforcement officers.

d. Defined Contribution 401(K) Plan

The Town sponsors a defined contribution 401(K) plan, in which the Town has pledged to match as funds are available, 100% of employee contributions up to 2% of the employee's annual salary. The Town portion of contributions for the year ended June 30, 2025 was $12,031.

e. Post-Employment Health Care Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single-employer defined benefit healthcare plan (the "Retiree Health Plan"). The Town Council has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Plan Benefits Provided. The Plan provides post-employment healthcare benefits to retirees of the Town who were hired prior to March 5, 2015. Those with a minimum of 12 years of service will be allotted 50% of the cost of the Town health insurance benefit premium. Those with 20 years of continuous service will be eligible for health insurance, including vision and dental insurance coverage, at 100% of the retiree's premium. The Town pays the full cost of coverage for these benefits through private insurers. Coverage for all retirees who are eligible for Medicare will be eligible for post-employment healthcare benefits by the Town covering either 50% or 100% of the supplemental health plans offered in conjunction with the Medicare coverage. The Town Council may amend the benefit provisions. A separate report was not issued for the Plan.

Membership of the HCB Plan consisted of the following at June 30, 2025, the

date of the latest actuarial valuation:

| | General Employees |
|---|---|
| Retirees and dependents receiving benefits | 6 |
| Active plan members | 17 |
| Total | 23 |

## Total OPEB Liability

The Town's total OPEB liability of $3,539,926 was measured as of June 30, 2024 was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

| | |
|---|---|
| Inflation | 2.5 percent |
| Salary increases | 3.25 -8.41 percent, average, including inflation |
| Discount rate | 3.93 percent |
| Healthcare cost trend rates | Pre-Medicare – 7.0% decreasing to rate of 4.5% by 2026<br>Medicare – 5.125% decreasing to rate of 4.5% |

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

## Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|---|
| **Balance at 07/01/24** | 3,522,792 |
| **Changes for the year** | |
| Service cost | 85,955 |
| Interest | 131,020 |
| Changes of benefit terms | - |
| Differences between expected and actual experience | (5,710) |
| Changes in assumptions or other inputs | (155,443) |
| Benefit payments | (38,688) |
| **Net changes** | 17,134 |
| **Balance at 6/30/25** | 3,539,926 |

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019.

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

| | 1% Decrease | Discount Rate (3.93%) | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 4,144,888 | $ 3,539,926 | $ 3,057,906 |

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

| | 1% Decrease | Current | 1% Increase |
|---|---|---|---|
| Total OPEB liability | $ 2,990,074 | $ 3,539,926 | $ 4,239,700 |

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2025, the Town recognized OPEB Income of $81,574. 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 | $ 7,995 | $ 375,536 |
| Changes of assumptions | 330,678 | 701,600 |
| Benefit payments and administrative costs made subsequent to the measurement date | - | |
| Total | $ 338,673 | $ 1,077,136 |

No amounts were reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date to be recognized as a decrease of the total pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| **Year ended June 30:** | |
|---|---|
| 2026 | $ (299,265) |
| 2027 | (248,438) |
| 2028 | (156,506) |
| 2029 | (34,254) |
| 2030 | - |
| Thereafter | - |

3. 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. All death benefit payments are made from the Death Benefit Plan. 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. The Town considers these contributions to be immaterial.

4. Deferred inflows and outflows of resources

The balance in deferred inflows and outflows of resources at year-end is composed of the following elements:

Government wide statements – governmental activities:
Deferred outflows: Pension contributions and assumptions: $499,666
OPEB related deferrals $338,673

Deferred inflows: Pension related deferrals $205,169
OPEB related deferrals $1,077,136

Fund statements: Deferred inflows: taxes receivable $8,952
Prepaid tax $11,786

5. Risk Management

The Town is exposed to various risks of lost related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Town is a participant 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 insurance value of the property policy, worker's compensation coverage of up to statutory limits, and employee health coverage up to a $2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability and auto liability in excess of $500,000 and $300,000 up to statutory limits for worker's compensation. The pools are reinsured for annual employee health claims in excess of $150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values

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

The Town carries flood insurance through the Inter Local Risk Financing Fund of North Carolina. The coverage pays up to $5 million per occurrence.

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

***Long-Term Obligations***

In 2022, the Town was approved for additional funding from Connect NC Bond proceeds loan in the amount of $1,142,750. As of June 30, 2025, $ 1,020,940 representing loan funds had been drawn down from NC Department of Environmental and Natural Resources. Terms of repayment call for an annual payment of $57,137.50 for a term of 19 years to begin on May 1, 2022, along with semiannual interest payments.

On April 17, 2020, the Town entered into a financing agreement with United Community Bank in order to fund construction of a Fire Department building. The loan calls for fixed principal payments of $8,889 monthly for a term of 30 years with an interest rate of 2.99%. The loan will be collateralized by the Fire Department building.

The Town entered into a financing agreement with the State Revolving Loan Fund and secured a loan of $50,000 during the fiscal year ended 6-30-25 to fund construction of a lead

service waterline. As of 6-30-2025, $3200 was due and payable on this loan.

The Town received loan funding from the NC State Treasurer for the State Cashflow Loans for Disaster Response Activities in the amount of $3,604,723. The balance is not collateralized and is a principal only loan. Repayment terms are as follows:

$1 by the first anniversary of the loan date
10% of the Loan Round Amount on June 30, 2027
20% of the Loan Round Amount on June 30, 2028
30% of the Loan Round Amount on June 30, 2029
40% (less $1) of the Loan Round Amount on the earlier of the fifth anniversary of the Loan Date or June 30, 2030

Changes in Long-Term Liabilities

| | Balance July 1, 2024 | Increases | Decreases | Balance June 30, 2025 | Current Portion of Balance |
|---|---|---|---|---|---|
| **Governmental Activities:** | | | | | |
| Direct Placement | | | | | |
| Installment purchase contracts | $ 1,155,554 | $3,604,723 | $ 106,666 | 4,653,611 | 106,666 |
| Net pension liability – LGERS | 447,814 | - | 35,369 | 412,445 | - |
| Total pension liability - LEO | 347,420 | - | 20,480 | 326,940 | - |
| Compensated absences | 52,831 | 24,240 | - | 77,071 | 77,071 |
| Other post employment benefits | 1,634,240 | - | 112,072 | 1,522,168 | - |
| Total governmental activities | $ 3,637,859 | $3,628,963 | $274,587 | $6,992,235 | $183.737 |
| **Business-Type Activities** | | | | | |
| Revolving loan fund | $ 913,473 | $ 3,200 | $ 53,733 | $ 862,940 | $ 50,000 |
| Net pension liability – LGERS | 517,501 | 29,229 | - | 546,730 | - |
| Compensated absences | 51,282 | 17,253 | - | 68,535 | 68,535 |
| Other post employment benefits | 1,888,552 | 129,222 | - | 2,017,774 | - |
| Total business-type activities | $ 3,370,808 | $ 178,904 | $ 53,733 | $ 3,495,979 | $ 118,535 |

## Copier lease

The Town has entered into an agreement to lease a photocopier. The lease agreement qualifies as an other than short-term lease under GASB 87 and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of the inception of the lease. Amount due for the lease payable at 6/30/2025 was $16,730.

The lease agreement was executed in February 2024 and requires 63 monthly payments of $329.84. The lease also provides for overage charges on excess copies per month. The lease liability has an implicit interest rate of 5%. The Town has recorded a right to use asset with a net book value of $15,478 The future minimum lease obligation and the net

present value of these minimum lease payments are as follows:

| Year Ending June 30 | Principal | Interest |
|---|---|---|
| 2026 | 3,194 | 764 |
| 2027 | 3,085 | 873 |
| 2028 | 3,155 | 803 |
| 2029 | 3,245 | 621 |
| 2030 | 4,051 | 514 |
| Total | $ 16,730 | $ 3,575 |

## NOTE 3: JOINTLY GOVERNED ORGANIZATION

The Town, in conjunction with seven counties and nineteen municipalities, established the Region D Council of Governments (Council). The participating governments established the Council to coordinate various funding received from federal and State agencies. Each participating government appoints one member to the Council's governing board and this governing board selects the management and determines the budget and financing requirements of the Council. The Town paid no membership fees to the Council during the fiscal year ended June 30, 2025

.

The Town participates in a joint venture to operate the Yancey County Economic Development Commission with Yancey County. Each participating government appoints one member to the governing board. The Town has an ongoing financial responsibility for the joint venture because the Commission's continued existence depends on the participating governments' continued funding. Neither of the participating governments have an equity interest in the Commission, so no equity interest has been reflected in the financial statements at June 30, 2025. The Town appropriated no funds to the Commission to supplement its activities. Complete financial statements for the Commission may be obtained from the Commission's office at the Yancey County EDC, P.O. Box 246, Burnsville, NC 28714.

## NOTE 4: SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

## NOTE 5: CONCENTRATIONS

The Town has one textile manufacturer that uses a significant portion of the Town's water and sewer services. Total revenue from this customer accounts for 10% of total revenue in this area for the year ended June 30, 2025.

## NOTE 6: 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 | $4,438,820 |
| Less: | |
| Stabilization by State Statute | 305,407 |
| Streets-Powell Bill | 170,776 |
| Remaining Fund Balance | 3,962,637 |

## NOTE 7: SUBSEQUENT EVENTS

Management has evaluated subsequent events through December 4, 2025, which was the last date of field work.

## NOTE 8: RESTATEMENTS

Capitalized Assets

Management discovered fixed assets booked in a prior period which were not capital items. Proprietary fund net position was decreased by $64,781 in order to correctly expense these assets.

**Town of Burnsville**
**Proportionate Share of Net Pension (Liability) Asset**
**Required Supplementary Information**
**Last Ten Fiscal Years**

Local Government Employees Retirement System

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Town's proportion of the net pension liability (asset) (%) | 0.000142 | 0.000146 | 0.000164 | 0.000178 | 0.000168 | 0.000180 | 0.000192 | 0.000197 | 0.002082 | 0.000228 |
| Town's proportion of the net pension liability (asset) ($) | 959,176 | 965,315 | 925,194 | 272,520 | 600,336 | 491,839 | 454,541 | 441,869 | 441,869 | 102,325 |
| Town's covered-employee payroll | 1,518,260 | 1,466,708 | 1,386,234 | 1,388,287 | 1,248,862 | 1,214,873 | 1,164,864 | 1,133,387 | 1,102,269 | 1,130,713 |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 0.63 | 0.66 | 0.67 | 0.20 | 0.48 | 0.40 | 0.39 | 0.39 | 0.40 | 0.09 |
| Plan fiduciary net position as a percentage of the total pension liability | 0.8297 | 0.8297 | 0.8414 | 0.9551 | 0.8861 | 0.9086 | 0.9163 | 0.9418 | 0.9147 | 0.9809 |

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

**Town of Burnsville**
**Schedule of Contributions to the Local Government Employees' Retirement System**
**Required Supplementary Information**
**Last Ten Fiscal Years**

**Local Government Employees Retirement System**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|---|---|---|---|---|
| Contractually required contribution | 223,763 | 200,923 | 176,747 | 160,995 | 144,560 | 115,303 | 97,466 | 92,091 | 85,671 | 76,032 |
| Contributions in relation to the contractually required contribution | 223,763 | 200,923 | 176,747 | 160,995 | 144,560 | 115,303 | 97,466 | 92,091 | 85,671 | 76,032 |
| Town's covered-employee payroll | 1,589,221 | 1,518,260 | 1,466,708 | 1,386,234 | 1,388,287 | 1,248,862 | 1,214,873 | 1,164,864 | 1,133,387 | 1,102,269 |
| Contributions as a percentage of covered-employee payroll | 0.1408 | 0.1323 | 0.1205 | 0.1161 | 0.1041 | 0.0923 | 0.0802 | 0.0791 | 0.0756 | 0.0690 |

**Town of Burnsville, North Carolina**
**Schedule of Changes in Total Pension Liability**
**Law Enforcement Officers' Special Separation Allowance**
**June 30, 2025**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|
| Beginning balance | $ 347,420 | $ 330,278 | $ 541,313 | $ 479,856 | $ 322,047 | $ 279,341 | $ 262,231 | $ 134,512 | $ 125,301 |
| Service Cost | 11,468 | 10,422 | 17,469 | 22,163 | 13,631 | 12,298 | 13,323 | 11,217 | 9,641 |
| Interest on the total pension liability | 13,731 | 14,235 | 12,180 | 9,261 | 10,499 | 10,168 | 8,286 | 5,192 | 4,473 |
| Changes of benefit terms | - | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience in the measurement of the total pension liability | (30,822) | (15,812) | (173,963) | 44,282 | (1,475) | 8,709 | 9,077 | 92,261 | - |
| Changes of assumptions or other inputs | (6,561) | 8,297 | (66,721) | (14,249) | 135,154 | 11,531 | (13,576) | 19,049 | (4,903) |
| Benefit payments | (8,296) | - | - | - | - | - | - | - | - |
| Other changes | - | - | - | - | - | - | - | - | - |
| Ending balance of the total pension liability | $ 326,940 | $ 347,420 | $ 330,278 | $ 541,313 | $ 479,856 | $ 322,047 | $ 279,341 | $ 262,231 | $ 134,512 |

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

**Town of Burnsville, North Carolina**

**Schedule of Total Pension Liability as a Percentage of Covered Payroll**
**Law Enforcement Officers' Special Separation Allowance**
**June 30, 2025**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|
| Total pension liability | $ 326,940 | $ 347,420 | $ 330,278 | $ 541,313 | $ 479,856 | $ 322,047 | $ 279,341 | $ 262,231 | $ 134,512 |
| Covered payroll | 378,378 | 347,711 | 369,844 | 456,194 | 414,845 | 395,448 | 392,923 | 380,880 | 347,610 |
| Total pension liability as a percentage of covered payroll | 86.41% | 99.92% | 89.30% | 118.66% | 115.67% | 81.44% | 71.09% | 68.85% | 38.70% |

Notes to the schedules:

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

**Town of Burnsville, North Carolina**
**Schedule of Changes in the Net OPEB Liability and Related Ratios**

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|---|---|---|
| **Total OPEB Liability** | | | | | | | |
| Service cost | $ 85,955 | $ 88,912 | $ 133,505 | $ 193,472 | $ 125,203 | $ 195,597 | $ 207,304 |
| Interest | 131,020 | 129,425 | 97,855 | 112,200 | 130,954 | 128,959 | 115,822 |
| Changes of benefit terms | - | - | - | (134,527) | - | - | - |
| Differences between expected and actual experience | (5,710) | (253,005) | (19,767) | (855,108) | (8,310) | 71,103 | (12,468) |
| Changes of assumptions | (155,443) | 12,256 | (1,001,492) | 216,704 | 1,042,622 | (50,945) | (209,463) |
| Benefit payments | (38,688) | (43,524) | (36,168) | (2,810) | (43,495) | (43,495) | (35,585) |
| **Net change in total OPEB liability** | 17,134 | (65,936) | (826,067) | (470,069) | 1,246,974 | 301,219 | 65,610 |
| **Total OPEB liability - beginning** | 3,522,792 | 3,588,728 | 4,414,795 | 4,884,864 | 3,637,890 | 3,336,671 | 3,271,061 |
| **Total OPEB liability - ending** | 3,539,926 | 3,522,792 | 3,588,728 | 4,414,795 | 4,884,864 | 3,637,890 | 3,336,671 |
| **Plan fiduciary net position** | | | | | | | |
| Contributions - employer | - | - | - | - | - | - | - |
| Net investment income | - | - | - | - | - | - | - |
| Benefit payments | - | - | - | - | - | - | - |
| Administrative expense | - | - | - | - | - | - | - |
| **Net change in plan fiduciary net position** | - | - | - | - | - | - | - |
| **Plan fiduciary net position - beginning** | - | - | - | - | - | - | - |
| **Plan fiduciary net position - ending** | - | - | - | - | - | - | - |
| **Town's net OPEB liability - ending** | $ 3,539,926 | $ 3,522,792 | $ 3,588,728 | $ 4,414,795 | $ 4,884,864 | $ 3,637,890 | $ 3,336,671 |
| **Plan fiduciary net position as a percentage of the total OPEB liability** | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| **Covered payroll** | 934,133 | 934,133 | 793,692 | 793,692 | 1,135,101 | 1,387,524 | 1,135,195 |
| **Town's net OPEB liability as a percentage of covered payroll** | 378.95% | 377.12% | 452.16% | 556.24% | 430.35% | 262.19% | 293.93% |

**Town of Burnsville, North Carolina**
**General Fund**
**Statement of Revenues, Expenditures and Changes in Fund Balances --Budget and Actual--**
**For the Fiscal Year Ended June 30, 2025**

| | 2025 | | |
|---|---|---|---|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| **Revenues:** | | | |
| Ad valorem taxes: | | | |
| Taxes | $ | $ 1,558,019 | $ |
| Penalties and interest | | 7,327 | |
| Total | 1,457,263 | 1,565,346 | 108,083 |
| Other taxes and licenses: | | | |
| Privilege licenses | | 393 | |
| Total | - | 393 | 393 |
| Unrestricted intergovernmental: | | | |
| Local option sales tax | | 878,481 | |
| Telecommunications sales tax | | 19,072 | |
| Utility franchise tax | | 150,521 | |
| Cable franchise tax | | 10,019 | |
| Beer and wine tax | | 6,321 | |
| Solid waste disposal tax | | 1,220 | |
| ABC store distributions | | 45,182 | |
| Total | 931,100 | 1,110,816 | 179,716 |
| Restricted intergovernmental: | | | |
| Fire tax passed through Yancey County | | 436,654 | |
| Powell Bill allocation | | 63,759 | |
| Fire Department Grant | | 1,563 | |
| Police Department Grant | | 32,292 | |
| Total | 349,250 | 534,268 | 185,018 |
| Permits and fees: | | | |
| Building permits | | 16,761 | |
| Court fees and citations | | 1,797 | |
| Town Centre operations | | 79,491 | |
| Total | 93,650 | 98,049 | 4,399 |
| Investment earnings | 60,625 | 73,472 | 12,847 |
| Miscellaneous: | | | |
| Other | | 39,626 | |
| Total | 51,540 | 39,626 | (11,914) |
| Total revenues | 2,943,428 | 3,421,970 | 478,542 |
| **Expenditures:** | | | |
| General government - | | | |

**Town of Burnsville, North Carolina**
**General Fund**
**Statement of Revenues, Expenditures and Changes in Fund Balances --Budget and Actual--**
**For the Fiscal Year Ended June 30, 2025**

| | 2025 | | |
|---|---|---|---|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Salaries and employee benefits | | 280,148 | |
| Professional services | | 23,837 | |
| Other operating expenditures | | 78,754 | |
| Capital outlay | | 19,860 | |
| Total general government | 806,795 | 402,599 | 404,196 |
| Public safety - | | | |
| Police Department: | | | |
| Salaries and employee benefits | | 709,406 | |
| Other operating expenditures | | 110,768 | |
| Total | 948,263 | 820,174 | 128,089 |
| Fire: | | | |
| Salaries and employee benefits | | 20,555 | |
| Other operating expenditures | | 125,386 | |
| Total | 298,604 | 145,941 | 152,663 |
| Total public safety | 1,246,867 | 966,115 | 280,752 |
| Public works: | | | |
| Streets and highways: | | | |
| Salaries and employee benefits | | 49,467 | |
| Street lights | | 24,763 | |
| Other operating expenditures | | 82,312 | |
| Capital outlay | | 33,742 | |
| Total public works | 508,200 | 190,284 | 317,916 |
| Environmental protection | | | |
| Sanitation | | 124,842 | |
| Total environmental protection | 144,000 | 124,842 | 19,158 |
| Cultural and recreational | | | |
| Community Agency Contributions | | | |
| Parkway Playhouse | | 2,500 | |
| Yancey County Library | | 3,000 | |
| Toe River Arts Council | | 3,000 | |
| Yancey History Association | | 3,500 | |
| Crafts Fair | | 10,596 | |
| Other | | 26,246 | |
| Total cultural and recreational | 92,202 | 48,842 | 43,360 |

**Town of Burnsville, North Carolina**
**General Fund**
**Statement of Revenues, Expenditures and Changes in Fund Balances --Budget and Actual--**
**For the Fiscal Year Ended June 30, 2025**

| | 2025 | | |
|---|---|---|---|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| Town Centre | | | |
| Salaries and employee benefits | | 80,305 | |
| Other operating expenditures | | 22,658 | |
| Total Town Centre | 127,912 | 102,963 | 24,949 |
| Principal retirement | 130,567 | 106,666 | |
| Interest and fees | 36,885 | 33,571 | |
| Total debt service | 167,452 | 140,237 | 27,215 |
| Total expenditures | 3,093,428 | 1,975,882 | 1,117,546 |
| Excess of revenues and other sources over (under) expenditures and other uses | (150,000) | 1,446,088 | 1,596,088 |
| Appropriated fund balance | 150,000 | - | (150,000) |
| Excess of revenues, other sources and appropriated fund balance over (under) expenditures and other uses | $ - | 1,446,088 | $ 1,446,088 |
| Fund balances - beginning of year | | 2,992,732 | |
| Fund balances - end of year | | $ 4,438,820 | |

See the accompanying Independent Auditor's Report.

**Town of Burnsville, North Carolina**
**Special Revenue Fund**
**Schedule of Revenues Expenditures, and Changes in Fund Balance - Budget and Actual**
**Fines and Forfeitures Special Revenue Fund**
**For the Fiscal Year Ended June 30, 2025**

| | Budget | Actual | Variance Favorable (Unfavorable) |
|---|---|---|---|
| Sales and services | | | |
| Penalties, fines, forfeitures | $ 51,115 | $ 48,500 | $ 2,615 |
| Total sales and services | 51,115 | 48,500 | 2,615 |
| Expenditures: | | | |
| Current | | | |
| General government | | | |
| Payments of penalties, fines and forfeitures to Yancey County Board of Education | 51,115 | 48,500 | 2,615 |
| Total expenditures | 51,115 | 48,500 | 2,615 |
| Excess of revenues and other sources over (under) expenditures | | - | |
| Fund balances - beginning of year | | $ - | |
| Fund balances - end of year | | $ - | |

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**Special Revenue Fund - FEMA Flood Relief Fund**
**Statement of Revenue, Expenditures and Changes in Fund Balances**
**Budget and Actual (Non-GAAP)**
**From Inception and for the Fiscal Year Ended June 30, 2025**

| | Budget | Actual Current Year | Actual Total To Date | Variance Favorable (Unfavorable) |
|---|---|---|---|---|
| Revenues: | | | | |
| Restricted intergovernmental revenues | | | | |
| FEMA grant revenues | $ 24,672,265 | $ 2,807,180 | $ 2,807,180 | $ 21,865,085 |
| Total revenues | 24,672,265 | 2,807,180 | 2,807,180 | 21,865,085 |
| Expenditures | | | | |
| Water Projects | 29,354,810 | 2,647,804 | 2,647,804 | 26,707,006 |
| Sewer Projects | 200,000 | 143,033 | 143,033 | 56,967 |
| General Projects | 28,000 | 27,137 | | |
| Total expenditures | 29,582,810 | 2,817,974 | 2,790,837 | 26,763,973 |
| Revenues over (under) expenditures | (4,910,545) | (10,794) | 16,343 | (4,898,888) |
| Other financing sources and uses | | | | |
| Insurance proceeds | 899,114 | 912,713 | 912,713 | 13,599 |
| State cashflow loan | 3,604,723 | 3,604,723 | 3,604,723 | - |
| Fund balance appropriated | - | - | - | - |
| Transfers in (out) | 406,708 | - | 406,708 | 406,708 |
| Total other financing sources | 4,910,545 | 4,517,436 | 4,924,144 | 420,307 |
| Revenues and other sources over (under) expenditures | $ - | 4,506,642 | $ 4,940,487 | $ (4,478,581) |

**Town of Burnsville, North Carolina**
**Water and Sewer Fund**
**Schedule of Revenues and Expenditures--Budget and Actual-- (Non-GAAP)**
**For the Fiscal Year Ended June 30, 2025**

| | 2025 | | |
|---|---|---|---|
| | Budget | Actual | Variance Favorable (Unfavorable) |
| **Revenues:** | | | |
| Water and sewer charges | $ | $ 2,612,578 | $ |
| Water and sewer connection fees | | 14,950 | |
| Late and reconnect fees | | 41,282 | |
| Capacity Depletion Impact and Conservation fees | | 178,992 | |
| Fire protection line | | 9,274 | |
| Interest income | | 28,697 | |
| Other | | 15,278 | |
| Total revenues | 2,975,464 | 2,901,051 | (74,413) |
| **Expenditures:** | | | |
| Water and sewer administration | | | |
| Salaries and employee benefits | | 1,322,315 | |
| Contract services | | 106,593 | |
| Repairs | | 139,823 | |
| Utilities and phone | | 225,726 | |
| Supplies | | 473,779 | |
| Insurance | | 41,868 | |
| Travel and training | | 10,217 | |
| Other operating expenditures | | 65,640 | |
| Capital outlay | | 2,997,522 | |
| Total general government | 5,911,915 | 5,383,483 | 528,432 |
| Debt service - | | | |
| Principal retirement | | 53,734 | |
| Total debt service | 53,734 | 53,734 | - |
| Total expenditures | 5,965,649 | 5,437,217 | 528,432 |
| Revenue over (under) expenditures | (2,990,185) | (2,536,166) | 454,019 |
| Other financing sources (uses): | | | |
| Capital grants | 2,905,239 | 2,905,239 | - |
| Interest on capital grants | | 16,199 | 16,199 |
| Fund balance appropriated | 84,946 | - | (84,946) |
| Total other financing sources (uses) | 2,990,185 | 2,921,438 | (68,747) |
| Excess of revenues and other sources over (under) expenditures and other uses | - | 385,272 | 385,272 |
| Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual: | $ - | - | $ - |
| Capital additions | | 2,997,522 | |
| Principal retirement | | 53,734 | |
| Depreciation and bond amortization | | (394,215) | |
| Change in accrued vacation pay | | (17,253) | |
| Change in other post employment healthcare benefits and pensions | | (158,435) | |
| Total reconciling items: | | 2,481,353 | |
| Change in net position | | $ 2,866,625 | |

See the accompanying Independent Auditor's Report.

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**Capital Projects Fund - Main Sewer Interceptor (West) Improvements**
**Statement of Revenue, Expenditures and Changes in Fund Balances--**
**Budget and Actual (Non-GAAP)**
**From Inception and for the Fiscal Year Ended June 30, 2025**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total To Date | Variance Favorable (Unfavorable) |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Restricted intergovernmental revenues | | | | | |
| CDBG 19-I-3649 and 20-I-3604 | $ 2,374,600 | $ 203,342 | $ 1,719,901 | $ 1,923,243 | $ (451,357) |
| Total revenues | 2,374,600 | 203,342 | 1,719,901 | 1,923,243 | (451,357) |
| Expenditures | | | | | |
| Engineering and Design | 262,099 | 133,010 | 119,589 | 252,599 | 9,500 |
| Construction | 2,047,901 | 59,945 | 1,591,613 | 1,651,558 | 396,343 |
| Administration and Planning | 64,600 | 10,387 | 8,699 | 19,086 | 45,514 |
| Total expenditures | 2,374,600 | 203,342 | 1,719,901 | 1,923,243 | 451,357 |
| Revenues over (under) expenditures | - | - | - | - | - |
| Other financing sources and uses | | | | | |
| Transfers in (out) - general fund | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - |
| Revenues and other sources over (under) expenditures | $ - | $ - | - | $ - | $ - |
| **Fund Balance:** | | | | | |
| Beginning of year, July 1 | | | - | | |
| End of year, June 30 | | | $ - | | |

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**Capital Projects Fund - Water Treatment Plant Upgrades**
**Statement of Revenue, Expenditures and Changes in Fund Balances--**
**Budget and Actual (Non-GAAP)**
**From Inception and for the Fiscal Year Ended June 30, 2025**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total To Date | Variance Favorable (Unfavorable) |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Restricted intergovernmental revenues | | | | | |
| Grant funds SRP W ARP 0128 | $ 1,345,706 | $ 15,573 | $ 955,198 | $ 970,771 | $ (374,935) |
| Total revenues | 1,345,706 | 15,573 | 955,198 | 970,771 | (374,935) |
| Expenditures | | | | | |
| Engineering | 148,000 | 30,573 | 77,078 | 107,651 | 40,349 |
| Construction | 1,202,706 | - | 878,120 | 878,120 | 324,586 |
| Administration | 15,000 | 5,000 | - | 5,000 | 10,000 |
| Total expenditures | 1,365,706 | 35,573 | 955,198 | 990,771 | 374,935 |
| Revenues over (under) expenditures | (20,000) | (20,000) | - | (20,000) | - |
| Other financing sources and uses | | | | | |
| Transfers in (out) - Water Fund | 20,000 | 20,000 | - | 20,000 | - |
| Total other financing sources | 20,000 | 20,000 | - | 20,000 | - |
| Revenues and other sources over (under) expenditures | $ - | $ - | - | $ - | $ - |
| **Fund Balance:** | | | | | |
| Beginning of year, July 1 | | | - | | |
| End of year, June 30 | | | $ - | | |

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**Capital Projects Fund - SRP W ARP 0123 (Bolen's Creek)**
**Statement of Revenue, Expenditures and Changes in Fund Balances--**
**Budget and Actual (Non-GAAP)**
**From Inception and for the Fiscal Year Ended June 30, 2025**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total To Date | Variance Favorable (Unfavorable) |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Restricted intergovernmental revenues | | | | | |
| Grant SRP W ARP 0123 | $ 2,221,191 | $ 209,812 | $ 43,283 | $ 253,095 | $ (1,968,096) |
| Total revenues | 2,221,191 | 209,812 | 43,283 | 253,095 | (1,968,096) |
| Expenditures | | | | | |
| Engineering and Design | 290,000 | 184,812 | 18,283 | 203,095 | 86,905 |
| Construction | 1,781,191 | - | - | - | 1,781,191 |
| Administration | 150,000 | 25,000 | 25,000 | 50,000 | 100,000 |
| Total expenditures | 2,221,191 | 209,812 | 43,283 | 253,095 | 1,968,096 |
| Revenues over (under) expenditures | - | - | - | - | - |
| Other financing sources and uses | | | | | |
| Transfers in (out) - general fund | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - |
| Revenues and other sources over (under) expenditures | $ - | $ - | - | $ - | $ - |
| **Fund Balance:** | | | | | |
| Beginning of year, July 1 | | | - | | |
| End of year, June 30 | | | $ - | | |

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**Capital Projects Fund - SRP W ARP 0140 (Baker's Creek)**
**Statement of Revenue, Expenditures and Changes in Fund Balances--**
**Budget and Actual (Non-GAAP)**
**From Inception and for the Fiscal Year Ended June 30, 2025**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total To Date | Variance Favorable (Unfavorable) |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Restricted intergovernmental revenues | | | | | |
| Grant SRP W ARP 0140 | $ 599,500 | $ 597,700 | $ 1,800 | $ 599,500 | $ - |
| Total revenues | 599,500 | 597,700 | 1,800 | 599,500 | - |
| Expenditures | | | | | |
| Engineering and Design | 115,000 | 106,980 | 9,000 | 115,980 | (980) |
| Construction | 557,919 | 477,095 | 54,732 | 531,827 | 26,092 |
| Administration | 54,500 | 13,625 | 40,714 | 54,339 | 161 |
| Total expenditures | 727,419 | 597,700 | 104,446 | 702,146 | 25,273 |
| Revenues over (under) expenditures | (127,919) | - | (102,646) | (102,646) | 25,273 |
| Other financing sources and uses | | | | | |
| Interest income | - | - | 264 | 264 | 264 |
| Fund balance appropriated | - | - | - | - | - |
| Transfers in (out) - general fund | 127,919 | - | 102,382 | 102,382 | (25,537) |
| Total other financing sources | 127,919 | - | 102,646 | 102,646 | (25,273) |
| Revenues and other sources over (under) expenditures | $ - | $ - | - | $ - | $ - |
| **Fund Balance:** | | | | | |
| Beginning of year, July 1 | | | - | | |
| End of year, June 30 | | | $ - | | |

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**Capital Projects Fund - SRP W ARP 0124 (Main Street)**
**Statement of Revenue, Expenditures and Changes in Fund Balances--**
**Budget and Actual (Non-GAAP)**
**From Inception and for the Fiscal Year Ended June 30, 2025**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total To Date | Variance Favorable (Unfavorable) |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Restricted intergovernmental revenues | | | | | |
| Grant SRP W ARP 0124 | $ 5,849,527 | $ 408,916 | $ 125,654 | $ 534,570 | $ (5,314,957) |
| Total revenues | 5,849,527 | 408,916 | 125,654 | 534,570 | (5,314,957) |
| Expenditures | | | | | |
| Engineering and Design | 740,800 | 383,915 | 100,654 | 484,569 | 256,231 |
| Construction | 4,901,227 | | | - | 4,901,227 |
| Administration | 207,500 | 25,001 | 25,000 | 50,001 | 157,499 |
| Total expenditures | 5,849,527 | 408,916 | 125,654 | 534,570 | 5,314,957 |
| Revenues over (under) expenditures | - | - | - | - | - |
| Other financing sources and uses | | | | | |
| Transfers in (out) - general fund | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - |
| Revenues and other sources over (under) expenditures | $ - | $ - | - | $ - | $ - |
| **Fund Balance:** | | | | | |
| Beginning of year, July 1 | | | - | | |
| End of year, June 30 | | | $ - | | |

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**Capital Projects Fund - SRP W ARP 0143 (East Main)**
**Statement of Revenue, Expenditures and Changes in Fund Balances--**
**Budget and Actual (Non-GAAP)**
**From Inception and for the Fiscal Year Ended June 30, 2025**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total To Date | Variance Favorable (Unfavorable) |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Restricted intergovernmental revenues | | | | | |
| Grant SRP W ARP 0143 | $ 2,153,570 | $ 169,993 | $ 59,403 | $ 229,396 | $ (1,924,174) |
| Total revenues | 2,153,570 | 169,993 | 59,403 | 229,396 | (1,924,174) |
| Expenditures | | | | | |
| Engineering and Design | 275,000 | 144,992 | 34,403 | 179,395 | 95,605 |
| Construction | 1,698,570 | | - | - | 1,698,570 |
| Administration | 180,000 | 25,001 | 25,000 | 50,001 | 129,999 |
| Total expenditures | 2,153,570 | 169,993 | 59,403 | 229,396 | 1,924,174 |
| Revenues over (under) expenditures | - | - | - | - | - |
| Other financing sources and uses | | | | | |
| Transfers in (out) - general fund | - | - | - | - | - |
| Total other financing sources | - | - | - | - | - |
| Revenues and other sources over (under) expenditures | $ - | $ - | - | $ - | $ - |
| **Fund Balance:** | | | | | |
| Beginning of year, July 1 | | | - | | |
| End of year, June 30 | | | $ - | | |

**TOWN OF BURNSVILLE, NORTH CAROLINA**
**Capital Projects Fund - Maintenance Shed**
**Statement of Revenue, Expenditures and Changes in Fund Balances--**
**Budget and Actual (Non-GAAP)**
**From Inception and for the Fiscal Year Ended June 30, 2025**

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total To Date | Variance Favorable (Unfavorable) |
|---|---|---|---|---|---|
| Revenues: | | | | | |
| Restricted intergovernmental revenues | | | | | |
| Grant | $ 1,800,000 | $ 1,800,000 | $ - | $ 1,800,000 | $ - |
| Investment income | | 8,436 | 15,935 | 24,371 | 24,371 |
| Total revenues | 1,800,000 | 1,808,436 | 15,935 | 1,824,371 | 24,371 |
| Expenditures | | | | | |
| Architect and Engineering fees | 301,081 | 22,449 | 49,013 | 71,462 | 229,619 |
| Construction | 1,498,919 | - | 209,744 | 209,744 | 1,289,175 |
| Total expenditures | 1,800,000 | 22,449 | 258,757 | 281,206 | 1,518,794 |
| Revenues and other sources over (under) expenditures | $ - | $ 1,785,987 | (242,822) | $ 1,543,165 | $ 1,543,165 |
| **Fund Balance:** | | | | | |
| Beginning of year, July 1 | | | 1,785,987 | | |
| End of year, June 30 | | | $ 1,543,165 | | |

**Town of Burnsville, North Carolina**
**General Fund**
**Schedule of Ad Valorem Taxes Receivable**
**June 30, 2025**

| | Uncollected Balance June 30, 2024 | Additions | Collections and Credits | Uncollected Balance June 30, 2025 |
|---|---|---|---|---|
| 2023 - 2024 | $ | $ 1,566,265 | $ 1,558,764 | $ 7,501 |
| 2022 - 2023 | 6,402 | - | 5,671 | 731 |
| 2021 - 2022 | 963 | - | 786 | 177 |
| 2020 - 2021 | 240 | - | 127 | 113 |
| 2019 - 2020 | 264 | - | 122 | 142 |
| 2018 - 2019 | 961 | - | 116 | 845 |
| 2017 - 2018 | 247 | - | 110 | 137 |
| 2016 - 2017 | 285 | - | 101 | 184 |
| 2015 - 2016 | 236 | - | 24 | 212 |
| 2014 - 2015 | 233 | - | 233 | - |
| | $ 9,831 | $ 1,566,265 | $ 1,566,054 | $ 10,042 |

| | |
|---|---|
| Less: allowance for uncollectible accounts: | |
| General Fund | (3,000) |
| Ad valorem taxes receivable - net | |
| General Fund | $ 7,042 |
| **Reconcilement with revenues:** | |
| Ad valorem taxes - General Fund | $ 1,565,346 |
| Reconciling items: | 1,565,346 |
| Interest collected | (7,327) |
| Discounts and write offs | 8,035 |
| Total reconciling items | 708 |
| Total collections and credits | $ 1,566,054 |

## Town of Burnsville, North Carolina
**Analysis of Current Tax Levy**
**Town-Wide Levy**
**For the Fiscal Year Ended June 30, 2025**

| | Town-wide | | | Total Levy | |
|---|---|---|---|---|---|
| | Property Valuation | Rate | Amount of Levy | Property excluding Registered Motor Vehicles | Registered Motor Vehicles |
| Original levy: | | | | | |
| Property taxed at current year's rate | $ 300,344,870 | 0.520 | $ 1,561,793 | $ 1,448,323 | $ 113,470 |
| Total | 300,344,870 | | 1,561,793 | 1,448,323 | 113,470 |
| Discoveries: | | | | | |
| Current year taxes | 859,900 | 0.520 | 4,471 | 4,471 | - |
| Total | 859,900 | | 4,471 | 4,471 | - |
| Total property valuations | 301,204,770 | | | | |
| Net levy | | | 1,566,264 | 1,452,794 | 113,470 |
| Uncollected taxes at June 30, 2025 | | | 7,501 | 7,501 | - |
| Current year's taxes collected | | | $ 1,558,763 | $ 1,445,293 | $ 113,470 |
| Current year's collection percentage | | | 99.52% | 99.48% | 100.00% |

S. Gillespie, P.A.
Certified Public Accountant

**Independent Auditor's 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 Directors
Town of Burnsville
Burnsville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the Town of Burnsville (the Town), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Burnsville's basic financial statements, and have issued our report thereon dated December 4, 2025.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Burnsville's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a

reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any weaknesses in internal control that we consider material weaknesses. However, material weaknesses may exist that may not have been identified.

**Compliance and Other Matters**

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

**Purpose of this Report**

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

*S Gillespie, P.A.*
Spruce Pine, North Carolina
December 4, 2025

S. Gillespie, P.A.
Certified Public Accountant

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

### Independent Auditor's Report

To the Town Council
Town of Burnsville
Burnsville, North Carolina

### Report on Compliance for Each Major Federal Program

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

We have audited the Town of Burnsville'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 the Town of Burnsville's major federal programs for the year ended June 30, 2025. The Town of Burnsville's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

***Basis for Opinion on Each Major Federal Program***

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

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

***Responsibilities of Management for Compliance***

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

***Auditor's Responsibilities for the Audit of Compliance***

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

In performing an audit in accordance with *GAAS, Government Auditing Standards, and the Uniform Guidance,* we exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of Burnsville'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 Burnsville's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the

Town of Burnsville's internal control over compliance. Accordingly, no such opinion is expressed.

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

***Report on Internal Control Over Compliance***

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

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

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

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

*S Gillespie, P.A*

Spruce Pine, North Carolina
December 4, 2025

# Town of Burnsville, North Carolina
## Schedule of Findings and Questioned Costs
## For the Year Ended June 30, 2025

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

A. An unmodified opinion was issued on the financial statements of the Town of Burnsville, North Carolina.

B. Our audit of the financial statements disclosed no significant deficiencies in internal controls.

C. Our audit of the financial statements disclosed no instance of noncompliance with laws, regulations, and the provisions of contracts and grant agreements that is material to the financial statements.

D. Our audit of compliance with types of compliance requirements applicable to the Town's major programs disclosed no significant deficiencies in internal controls over major programs.

E. An unqualified opinion was issued on the Town of Burnsville's compliance with the types of compliance requirements applicable to its major federal programs.

F. There were no audit findings relative to the major federal award programs that the auditor is required to report under 200.516(a) for the Town of Burnsville.

G. Major federal programs for the Town of Burnsville for the fiscal year ended June 30, 2025 are:

| Program Name | |
|---|---|
| **U.S. Department of Homeland Security – Passed through N.C. Department of Public Disaster Grants – Public Assistance (Presidentially Declared Disasters)** | **97.036** |

H. There are no Major State programs for the Town of Burnsville, North Carolina for the year ended June 30, 2025.

I. The threshold for determining Type A programs for the Town of Burnsville is $750,000.

J. Town of Burnsville qualified as a low risk auditee under Section 200.520 of the Uniform Guidance.

**II. Findings related to the Audit of the Financial Statements of Town of Burnsville, North Carolina**

None

**III. Findings and Questioned Costs Related to the Audit of Federal and State Awards**

None

**IV. Status of Prior Year Findings**

**None**

## Town of Burnsville, North Carolina
**Schedule of Expenditures of Federal and State Awards**
**For the Year Ended June 30, 2025**

| Grantor/Pass-through Grantor/Program Title | Federal Assistance Listing Number | State Pass-Through Grantor's Number | Federal (Direct & Pass-Through) Expenditures | State Expenditures | Provided to Subrecipients |
|---|---|---|---|---|---|
| **Federal Grants:** | | | | | |
| **Cash Programs:** | | | | | |
| **U.S. Environmental Protection Agency** | | | | | |
| Passed-through North Carolina Department of | | | | | |
| Environmental Quality: Division of Water Infrastructure | | | | | |
| American Rescue Plan Water Sewer Improvements | 21.027 | | | | |
| Project SRP-W-ARP-0123 | | | $ 43,283 | $ - | $ - |
| Project SRP-W-ARP-0140 | | | 104,446 | - | - |
| Project SRP-W-ARP-0124 | | | 125,654 | - | - |
| Project SRP-W-ARP-0143 | | | 59,403 | - | - |
| Project SRP-W-ARP-0128 | | | 955,198 | - | - |
| Total U.S. Department of Health & Human Services | | | 1,287,984 | - | - |
| **US Department of Homeland Security** | | | | | |
| Passed through NC Department of Public Safety | | | | | |
| FEMA Grant | 97.036 | | 2,656,994 | 133,843 | - |
| **U.S. Department of Housing and Urban Development** | | | | | |
| Passed through N.C. Dept. of Commerce: | | | | | |
| Community Development Block Grant | | | | | |
| CDBG 20-I-3604 | 14.228 | | 1,719,901 | - | - |
| Total U.S. Department of Housing and Urban Development | | | 1,719,901 | - | - |
| Total federal cash assistance | | | $ 5,664,879 | $ 133,843 | $ - |
| **STATE GRANTS** | | | | | |
| **Cash Programs:** | | | | | |
| **N.C. Department of Transportation** | | | | | |
| Powell Bill | | | - | 63,759 | - |
| Total State cash assistance | | | - | 197,602 | - |
| Total assistance | | | $ 5,664,879 | $ 197,602 | $ - |

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

**1** Basis of Presentation

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the Town of Burnsville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2025. The information in this schedule is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and the Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of the financial statements. Because the Schedule presents only a limited portion of the operations of the Town of Burnsville, it is not intended to and does not present the financial position,changes in net position, or cash flows of the Town.

**2 Summary of Significant Accounting Policies**

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