TOWN OF LAKE SANTEETLAH
Lake Santeetlah, North Carolina

Financial Statements
For the Fiscal Year Ended
June 30, 2025

Town Council Members

Diana Simon, Mayor
Jim Hager, Finance Officer
Kevin Haag, Vice Mayor
Ralph Strunk, Assistant Finance Officer
Keith K. Predmore, Contract Administrator

Administrative and Financial Staff

Kim Matheson, Town Administrator
Kala Farley, Town Clerk

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A S W ANDERSON SMITH & WIKE PLLC
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Members of the Town Council
Lake Santeetlah, North Carolina

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the discretely presented component unit of the Town of Lake Santeetlah 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 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). 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 Lake Santeetlah 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.

Change in Accounting Principle

As described in Note 5 to the financial statements, the Town adopted the provisions of GASB Statement No. 101, Compensated Absences, as of July 1, 2024. Our opinion is not modified with respect to this matter.

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 raise substantial doubt about Town of Lake Santeetlah'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 will always detect material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS 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 responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Town of Lake Santeetlah'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 Town of Lake Santeetlah's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the

basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Anderson Smith & Wike PLLC

November 14, 2025
Elon, North Carolina
(336) 380-4123

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

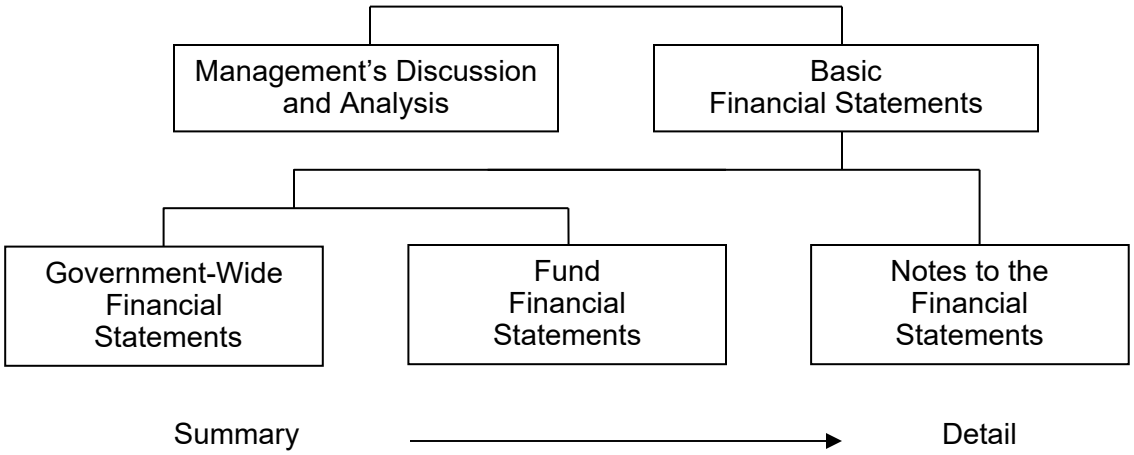
- As discussed in Note 5 to the financial statements, effective July 1, 2024, the Town implemented accounting and financial reporting requirements of GASB Statement 101, Compensated Absences. The statement required the Town to begin recording liabilities for employee sick leave balances that are more likely than not to be used. As a result of implementation of this statement, the Town's governmental and business-type activities net position, as previously reported at June 30, 2024, was reduced by $7,691 and $1,922, respectively.
- The assets and deferred outflows of resources of the Town of Lake Santeetlah exceeded its liabilities and deferred inflows of resources at the close of the year by $1,278,353 (net position).
- The government's total net position increased by $81,510, excluding change in accounting principle, primarily due to decrease in transportation expenses, and an increase in revenue related to water charges for service.
- As of the close of the current fiscal year, the Town of Lake Santeetlah's governmental activities net position was $900,534, a net increase of $40,029, excluding the change in accounting principle. Approximately 52 percent of the net position, or $470,866 is available for spending for budgeted and unforeseen expenditures at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $453,714.
- At the end of the current fiscal year, the Town's proprietary fund reported an ending net position of $377,819 with a net change of $41,481, excluding the change in accounting principle, which is comparable to the prior year net change of $42,632.
- In prior years, the Town obtained long-term debt to finance the renovations to the water tank and its distribution system. The balance outstanding at June 30, 2025 was $111,667.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town'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 Lake Santeetlah.

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the Town's individual funds. Budgetary information required by the North Carolina General Statutes also can be found in this section 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 on the Town's net position and how it has changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities and 3) component unit. The governmental activities include most of the Town's basic services such as public safety, transportation, and general administration. Property taxes and the county sales tax allocation finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water services offered by the Town. The final category is the component unit, the Town of Lake Santeetlah Tourism Development Authority (TDA). Although legally separate from the Town, the Town exercises control over the TDA by appointing its members and the TDA is required to support the Town's tourism industry.

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

Fund Financial Statements

The fund financial statements (See figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Lake Santeetlah, 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 Lake Santeetlah can be divided into two categories: governmental funds and proprietary fund.

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 the assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* 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 on in the Statement of Net Position and the Statement of Activities) and governmental funds is described in reconciliation that is a part of the fund financial statements.

The Town 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 Council 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 Council; 2) the final budget as amended by the Council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Fund – The Town has one kind of proprietary fund, an enterprise fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Lake Santeetlah uses an enterprise fund to account for its water activity. This fund is the same as the function shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements –The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 21 of this report.

Figure 2
Condensed Statement of Net Position
As of June 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Current and other assets	$548,751	$483,484	$173,439	$142,418	$ 722,190	$ 625,902
Capital assets	391,112	422,755	320,183	328,386	711,295	751,141
Total assets	939,863	906,239	493,622	470,804	1,433,485	1,377,043
Current liabilities	20,081	13,684	22,443	20,877	42,524	34,561
Long-term liabilities outstanding	19,248	24,359	93,360	111,667	112,608	136,026
Total liabilities	39,329	38,043	115,803	132,544	155,132	170,587
Net position:						
Net investment in capital assets	366,753	387,080	208,516	196,719	575,269	583,799
Restricted	3,846	7,273	-	-	3,846	7,273
Committed	59,069	59,040	-	-	59,069	59,040
Unrestricted	470,866	414,803	169,303	141,541	640,169	556,344
Total net position	$900,534	$868,196	$377,819	$338,260	$1,278,353	$1,206,456

As noted earlier, net position may serve over time as one of the useful indicators of a government's financial condition. The assets of the Town exceeded liabilities by $1,278,353 as of June 30, 2025. However, a large portion, $575,269 (45%), reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment), net of related debt. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. An additional portion of the Town's net assets, $3,846 (0.3%), represents resources that are subject to external restrictions on how they may be used. An additional portion of the Town's net assets, $59,069 (4.6%), represents resources committed to capital outlay. The remaining balance of $640,169 is unrestricted. The Town's net position increased by $81,510, excluding the change in accounting principle, during the fiscal year ended June 30, 2025.

The following table shows the revenues and expenses for the Town for the current and prior fiscal year.

Figure 3
Condensed Statement of Changes in Net Position
For the Fiscal Years Ended June 30, 2025 and 2024

	Governmental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Revenues						
Program Revenues:						
Charges for services	$ -	$ -	$138,783	$120,039	$ 138,783	$ 120,039
Operating grants and contributions	-	72,697	-	-	-	72,697
Capital grants and contributions	10,767	9,734	-	-	10,767	9,734
General revenues:						
Property taxes	278,343	279,293	-	-	278,343	279,293
Other taxes	139,006	151,444	-	-	139,006	151,444
Other	19,397	5,021	2,001	928	21,398	5,949
Total revenues	447,513	518,189	140,784	120,967	588,297	639,156
Expenses:						
General government	278,384	269,333	-	-	278,384	269,333
Public safety	23,265	24,763	-	-	23,265	24,763
Transportation	104,051	131,925	-	-	104,051	131,925
Interest on long-term debt	1,784	2,323	-	-	1,784	2,323
Water	-	-	99,303	91,720	99,303	91,720
Total expenses	407,484	428,344	99,303	91,720	506,787	520,064
Proceeds from disposal of capital assets	-	17,500	-	-	-	17,500
Transfers	-	(13,385)	-	13,385	-	-
Increase (decrease) in net position	40,029	93,960	41,481	42,632	81,510	136,592
Net position, beginning, as previously reported	868,196	774,236	338,260	295,628	1,206,456	1,069,864
Change in accounting principle (Note 5)	(7,691)	-	(1,922)	-	(9,613)	-
Net position, beginning, as adjusted	860,505	774,236	336,338	295,628	1,196,843	1,069,864
Net position, ending	$900,534	$868,196	$377,819	$338,260	$1,278,353	$1,206,456

Governmental activities. Governmental activities increased the Town's net position by $40,029, excluding the change in accounting principle.

Business-type activities. Business type activities increased the Town's net position by $41,481, excluding the change in accounting principle.

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town. At the end of the current fiscal year, The Town's fund balance in the General Fund was $487,560. 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.

General Fund Budgetary Highlights. During the fiscal year, the Town made budget amendments to record additional legal expenses and road paving costs. 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 Fund. The Town's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to $169,303. The total increase in net position for this fund was $41,481, excluding the change in accounting principle, which is comparable to the prior year.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2025, totals $575,269 (net of accumulated depreciation & debt). These assets include intangible assets, land, buildings, equipment, furniture and fixtures, computers and infrastructure.

During the fiscal year, the Town purchased a computer for use of the General Fund and had no capital asset purchases for the Water Fund.

Figure 4
Summary of Capital Assets
As of June 30, 2025 and 2024

	Governemental Activities		Business-type Activities		Total Primary Government	
	2025	2024	2025	2024	2025	2024
Right-to-use assets	$ 23,821	$ 35,731	$ -	$ -	$ 23,821	$ 35,731
Land	36,852	36,852	70,000	70,000	106,852	106,852
Buildings and improvements	111,063	113,977	-	-	111,063	113,977
Equipment, furniture and fixtures	56,290	61,974	4,318	5,141	60,608	67,115
Computers	546	-	-	-	546	-
Infrastructure	162,540	174,221	245,865	253,245	408,405	427,466
Total	$ 391,112	$ 422,755	$ 320,183	$ 328,386	$ 711,295	$ 751,141

Additional information on the Town of Lake Santeetlah's capital assets can be found in Note 3 of the Basic Financial Statements.

Long-term Debt. As of June 30, the Town had long-term debt outstanding of $111,667 obtained to fund the renovations to the water tank and the water distribution system. Additionally, the Town had a subscription liability outstanding of $24,359 for accounting software.

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 is approximately $10.5 Million.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators affect the growth and prosperity of the Town:

- Property tax income for the Town of Lake Santeetlah is projected to remain the same. Current tax rate of $0.2090 per $100 is projected to stay the same for fiscal year 2025-2026.

- Water flat rates in FY26 will remain the same at $155 residential base and consumption rate will remain at $4.50 per 1,000gal.

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:

Jim Hager, Finance Officer
Town of Lake Santeetlah
16 Marina Drive
Lake Santeetlah, NC 28771
Phone: (828) 479-8190
Email: jimdhager@gmail.com

TOWN OF LAKE SANTEETLAH
STATEMENT OF NET POSITION
June 30, 2025

Exhibit 1

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Tourism Development Authority
ASSETS				
Current assets:				
Cash and cash equivalents	$ 544,905	$ 142,114	$ 687,019	$ 10,167
Accounts receivable (net)	-	29,265	29,265	-
Due from other governments	2,653	3,253	5,906	-
Internal balances	1,193	(1,193)	-	-
Total current assets	548,751	173,439	722,190	10,167
Non-current assets:				
Capital assets				
Intangible right-to-use subscription, net of amortization	23,821	-	23,821	-
Land	36,852	70,000	106,852	-
Other capital assets, net of depreciation	330,439	250,183	580,622	-
Total noncurrent assets	391,112	320,183	711,295	-
Total assets	939,863	493,622	1,433,485	10,167
LIABILITIES				
Accounts payable and accrued liabilities	2,122	924	3,046	-
Long-term liabilities:				
Obligations under installment purchase	-	20,000	20,000	-
Liability for compensated absences	6,077	1,519	7,596	-
Subscription liability	11,882	-	11,882	
Due in more than one year:				
Obligations under installment purchase	-	91,667	91,667	-
Liability for compensated absences	6,771	1,693	8,464	-
Subscription liability	12,477	-	12,477	-
Total liabilities	39,329	115,803	155,132	-
NET POSITION				
Net investment in capital assets	366,753	208,516	575,269	-
Restricted for:				
Stabilization by State statute	3,846	-	3,846	-
Promoting travel and tourism	-	-	-	4,950
Committed				
Capital projects	59,069	-	59,069	-
Unrestricted	470,866	169,303	640,169	5,217
Total net position	$ 900,534	$ 377,819	$ 1,278,353	$ 10,167

TOWN OF LAKE SANTEETLAH
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2025

Exhibit 2

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 Assets: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Component Unit: Tourism Development Authority
Primary government:								
Governmental Activities:								
General government	$ 278,384	$ -	$ -	$ -	$ (278,384)	$ -	$ (278,384)	
Public safety	23,265	-	-	-	(23,265)	-	(23,265)	
Transportation	104,051	-	-	10,767	(93,284)	-	(93,284)	
Interest on long-term debt	1,784	-	-	-	(1,784)	-	(1,784)	
Total governmental activities	407,484	-	-	10,767	(396,717)	-	(396,717)	
Business-type activities:								
Water	99,303	138,783	-	-	-	39,480	39,480	
Total primary government	$ 506,787	$ 138,783	$ -	$ 10,767	(396,717)	39,480	(357,237)	
Component Unit:								
Tourism Development Authority	$ 10,993	$ 14,768	$ -	$ -	$ -	$ -	$ -	$ 3,775
General revenues:								
Taxes:								
Property taxes, levied for general purpose					278,343	-	278,343	-
Other taxes					139,006	-	139,006	-
Unrestricted investment earnings					3,541	1,162	4,703	38
Miscellaneous					15,856	839	16,695	-
Total general revenues					436,746	2,001	438,747	38
Change in net position					40,029	41,481	81,510	3,813
Net position, beginning, as previously reported					868,196	338,260	1,206,456	6,354
Change in accounting principle (Note 5)					(7,691)	(1,922)	(9,613)	-
Net position, beginning, as adjusted					860,505	336,338	1,196,843	6,354
Net position, ending					$ 900,534	$ 377,819	$ 1,278,353	$ 10,167

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

TOWN OF LAKE SANTEETLAH
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2025

Exhibit 3

	Major Funds		
	General Fund	Capital Reserve Road Fund	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 485,836	$ 59,069	$ 544,905
Due from other government agencies	2,653	-	2,653
Due from other fund	1,193	-	1,193
Total assets	$ 489,682	$ 59,069	$ 548,751
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	$ 2,122	$ -	$ 2,122
FUND BALANCES			
Restricted			
Stabilization by State Statute	3,846	-	3,846
Committed			
Capital projects	-	59,069	59,069
Assigned			
Subsequent year's expenditures	30,000	-	30,000
Unassigned	453,714	-	453,714
Total fund balances	487,560	59,069	546,629
Total liabilities and fund balances	$ 489,682	$ 59,069	

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	367,291
Right to use lease and subscription assets used in governmental activities are not financial resources and therefore are not reported in the funds	23,821
Some liabilities are not due and payable in the current period and therefore are not reported in the funds	
Compensated absences	(12,848)
Subscription liability	(24,359)
Net position of governmental activities	$ 900,534

TOWN OF LAKE SANTEETLAH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2025

Exhibit 4

	Major Funds		
	General Fund	**Capital Reserve Road Fund**	**Total Governmental Funds**
REVENUES			
Ad valorem taxes	$ 278,343	$ -	$ 278,343
Other taxes	139,006	-	139,006
Restricted intergovernmental	10,767	-	10,767
Investment earnings	3,512	29	3,541
Miscellaneous	15,856	-	15,856
Total revenues	447,484	29	447,513
EXPENDITURES			
Current:			
General government	241,035	-	241,035
Public safety	23,265	-	23,265
Transportation	104,051	-	104,051
Capital outlay	549	-	549
Debt service			
Principal	11,316	-	11,316
Interest	1,784	-	1,784
Total expenditures	382,000	-	382,000
Net change in fund balance	65,484	29	65,513
Fund balances, beginning	422,076	59,040	481,116
Fund balances, ending	$ 487,560	$ 59,069	$ 546,629

Exhibit 4

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

Net changes in fund balances - total governmental funds	$	65,513
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.		(19,733)
Governmental funds report right to use lease and subscription assets as expenditures. However, in the Statement of Activities the cost of those assets is allocated over the life of the lease or subscription and reported as amortization expense. This is the amount by which leased asset expenditures exceeded amortization in the current period.		(11,910)
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.		11,316
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		(5,157)
Total changes in net position of governmental activities	$	40,029

TOWN OF LAKE SANTEETLAH
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2025

Exhibit 5

	General Fund			
	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget- Positive (Negative)
Revenues:				
Ad valorem taxes	$ 275,454	$ 277,454	$ 278,343	$ 889
Other taxes	144,020	127,020	139,006	11,986
Restricted intergovernmental	8,600	10,767	10,767	-
Investment earnings	3,000	3,000	3,512	512
Miscellaneous	1,300	9,819	15,856	6,037
Total revenues	432,374	428,060	447,484	19,424
Expenditures:				
Current:				
General government	260,480	258,038	241,035	17,003
Public safety	25,000	27,000	23,265	3,735
Transportation	79,110	121,277	104,051	17,226
Capital outlay	52,216	8,640	549	8,091
Debt service				
Principal	11,316	11,316	11,316	-
Interest	1,784	1,784	1,784	-
Total expenditures	429,906	428,055	382,000	46,055
Revenues over (under) expenditures	2,468	5	65,484	65,479
Other financing sources (uses)				
Transfers to other funds	(2,468)	(5)	-	5
Net change in fund balance	$ -	$ -	65,484	$ 65,484
Fund balances, beginning			422,076	
Fund balance, ending			$ 487,560	

TOWN OF LAKE SANTEETLAH
STATEMENT OF FUND NET POSITION - PROPRIETARY FUND
June 30, 2025

Exhibit 6

	Major Enterprise Fund
	Water Fund
ASSETS	
Current assets:	
Cash and cash equivalents	$ 142,114
Due from other governments	3,253
Accounts receivable	29,265
Total current assets	174,632
Non-current assets:	
Capital assets:	
Other capital assets, net of depreciation	320,183
Total assets	494,815
LIABILITIES	
Current liabilities:	
Accounts payable	924
Liability for compensated absences	1,519
Due to other fund	1,193
Obligations under installment purchase	20,000
Total current liabilities	23,636
Noncurrent liabilities:	
Liability for compensated absences	1,693
Obligations under installment purchase	91,667
Total noncurrent liabilities	93,360
Total liabilities	116,996
NET POSITION	
Net investment in capital assets	208,516
Unrestricted	169,303
Total net position	$ 377,819

TOWN OF LAKE SANTEETLAH
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND
For the Year Ended June 30, 2025

Exhibit 7

	Major Enterprise Fund
	Water Fund
OPERATING REVENUES	
Charges for services	$ 138,783
OPERATING EXPENSES	
Finance and administration	45,087
Water treatment and distribution	42,348
Depreciation	8,203
Total operating expenses	95,638
Operating income (loss)	43,145
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	1,162
Miscellaneous revenue	839
Interest charges	(3,665)
Total nonoperating revenue (expenses)	(1,664)
Change in net position	41,481
Total net position, beginning, as previously reported	338,260
Change in accounting principle (Note 5)	(1,922)
Total net position, beginning, as adjusted	336,338
Total net position, ending	$ 377,819

TOWN OF LAKE SANTEETLAH
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
For the Year Ended June 30, 2025

Exhibit 8

	Major Enterprise Fund
	Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	$ 131,865
Cash paid for goods and services	(52,797)
Cash paid to or on behalf of employees for services	(33,301)
Net cash provided by operating activities	45,767
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Increase (decrease) in due to/from other funds	(2,499)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal payments on long-term debt	(20,000)
Interest payments on long-term debt	(3,665)
Net cash provided (used) by capital and related financing activities	(23,665)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments and other	2,001
Net increase in cash and cash equivalents	21,604
Balance, beginning of the year	120,510
Balance, end of the year	$ 142,114

Reconciliation of operating income to net cash provided by operating activities	
Operating Income	$ 43,145
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	8,203
Changes in assets, and liabilities:	
(Increase) decrease in accounts receivable	(6,918)
Increase (decrease) in accounts payable	47
Increase (decrease) in compensated absences	1,290
Total adjustments	2,622
Net cash provided by operating activities	$ 45,767

Note 1 - Summary of Significant Accounting Policies

The accounting policies of the Town of Lake Santeetlah (the "Town"), and the Town of Lake Santeetlah Tourism Development Authority (the "TDA") 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 Lake Santeetlah is a municipal corporation in Graham County and has a population of approximately 43. The Town is a municipal corporation that is governed by an elected mayor and a four-member council. The Town provides services which include general government, and streets. The Town maintains a water system which services the Town on a user-charge basis. As required by generally accepted accounting principles, these financial statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the financial statements in order to emphasize that it is legally separate from the Town.

Town of Lake Santeetlah Tourism and Development Authority (TDA)

The TDA was authorized under North Carolina Senate Bill 140, which authorized the Town to levy a room occupancy tax of up to 3%, the proceeds of which would be remitted to a Tourism Development Authority. The TDA is required to use at least two-thirds of the proceeds to promote travel and tourism and the remainder for tourist-related expenditures. The TDA has a June 30 year end, and is presented as if it were a proprietary fund (discrete presentation). Separate financial statements have not been issued for the TDA Board, but to include all relevant information required by generally accepted accounting principles as supplementary information in the Town's financial report.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activity* 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 business-type activity 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. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

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, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction and general government services.

Capital Reserve Road *Fund*. The Capital Reserve Road Fund is used for road paving and repairs.

The Town reports the following major enterprise fund:

Water Fund. This fund is used to account for the Town's water operations. The budgetary comparison for the Water Capital Projects Fund has been included in the supplemental information.

Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connections with a proprietary fund's principal ongoing operations. The principle operating revenues of the Town enterprise funds are charges to customers for sales and services. The town also recognizes

as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the water system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental fund. 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 the telecommunications 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 Lake Santeetlah because the tax is levied by Graham County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there 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 and the Enterprise Fund. All annual appropriations lapse at the fiscal year end. 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 the multi-year funds. All amendments must be approved by the governing Council, and the Council must adopt an interim budget that covers that time until the annual ordinance can be adopted.

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

Deposits and Investments

All deposits of the Town and TDA are made in Council-designated official depositories and are secured as required by State law [G.S. 159-31]. The Town and TDA 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 and the TDA to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCMMT-Term Portfolio's securities are valued at fair value.

Cash and Cash Equivalents

The Town has separate investment accounts for each of their funds, and considers all cash and investments to be cash and cash equivalents. The TDA considers all highly liquid investments (including restricted assets) with maturities of three months or less when purchased to be cash and cash equivalents.

Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2024. In the Town's General Fund, ad valorem tax revenues are reported net of any discounts. The town has entered into an agreement with Graham County to collect ad valorem taxes.

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. In order to be conservative, the Town has recorded an allowance for all taxes receivable.

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 of $500 for all newly acquired assets. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated

historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Buildings	39
Infrastructure	20
Improvements	15
Furniture and equipment	3-10
Computer equipment	3

Right to use assets

The Town has recorded a right to use subscription asset as a result of implementing GASB 96. The right to use asset is initially measured at an amount equal to the initial measurement of the related subscription liability plus any subscription payments made prior to the lease term, less incentives, and plus ancillary charges necessary to place the subscription into service. The right to use asset is amortized on a straight-line basis over the life of the related subscription.

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position.

Compensated Absences

The vacation policy of the Town provides for the accumulation of up to thirty days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded using the FIFO method of accounting.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, and is not paid out upon termination. However, a liability for the estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Nonspendable Fund Balance – This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. There are no nonspendable fund balance items.

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 - portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].

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

> Committed to capital projects – portion of fund balance committed to capital projects.

Assigned fund balance – portion of fund balance that Town of Lake Santeetlah intends to use 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 Town Council approves the appropriation.

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

The Tourism Development Authority classifies fund balances as follows:

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

> Restricted for promoting travel and tourism – portion of fund balance that is restricted by Session Law 2015-102 to advertise or market an area or activity, publish and distribute pamphlets and other materials, conduct market research, or engage in similar promotional activities that attract tourists or business travelers to the area, including administrative expenses incurred in engaging in the listed activities.

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

Note 2 – Stewardship, Compliance, and Accountability

Town Bond

G.S 159-29 requires the Finance Officer of the Town to hold a Public Official Bond that must be equal to or exceed the greater of $50,000 or 10% of the unit's annual budgeted funds up to a cap of $1,000,000. The Town had a bond in place for fiscal year ending June 30, 2025 in the amount of $50,000, which does not meet the threshold of 10% of total budgeted funds by $6,084.

Note 3 - Detail Notes on All Funds

Assets

Deposits

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

At June 30, 2025, the Town's deposits had a carrying amount of $687,019 and a bank balance of $686,745. Of the bank balance, $261,301 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method.

At June 30, 2025, the TDA's deposits had a carrying amount of $10,167 and a bank balance of $10,945. The entire bank balance was covered by federal depository insurance.

Receivables

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2025 are as follows:

	Due from Other Governments	Other
Governmental activities:		
General Fund	$ 2,653	$ -
Enterprise Fund:		
Water Fund	$ 3,253	$ 29,265

Due from other governments consist of the following:

Governmental activities:		
General Fund	$ 239	Graham County
General Fund	2,414	NC Department of Revenue
	$ 2,653	
Enterprise Fund:		
Water Fund	$ 3,253	NC Department of Revenue

Receivables – Allowance for Uncollectible Accounts

The amounts presented in the balance sheet and the statement of net position is net of the following allowances for uncollectible accounts:

General Fund:	
Ad Valorem Tax	$ 3,374

Capital Assets

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

Governmental activities:	Beginning Balances	Increases	Retirements	Ending Balances
Capital assets not being depreciated:				
Land	$ 36,852	$ -	$ -	$ 36,852
Capital assets being depreciated:				
Infrastructure	705,482	-	-	705,482
Buildings & Building Improvements	186,114	-	-	186,114
Computers	1,333	549	-	1,882
Equipment, Furniture & Fixtures	103,218	-	13,621	89,597
Total capital assets being depreciated	996,147	549	13,621	983,075
Less accumulated depreciation for:				
Infrastructure	531,261	11,681	-	542,942
Buildings & Building Improvements	72,137	2,914	-	75,051
Computers	1,333	3	-	1,336
Equipment, Furniture & Fixtures	41,244	5,684	13,621	33,307
Total accumulated depreciation	645,975	20,282	13,621	652,636
Total capital assets being depreciated, net	350,172			330,439
Capital assets being amortized:				
Right-to-use subscription asset	59,552	-	-	59,552
Less accumulated amortization for:				
Right-to-use subscription	23,821	11,910		35,731
Total capital assets being amortized, net	35,731			23,821
Governmental activity capital assets, net	$ 422,755			$ 391,112

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

General government	$ 20,282

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

Business-type activities:	Beginning Balances	Increases	Retirements	Ending Balances
Capital assets not being depreciated:				
Land	$ 70,000	$ -	$ -	$ 70,000
Capital assets being depreciated:				
Equipment and Furniture	51,380	-	-	51,380
Infrastructure	990,756	-	-	990,756
Total capital assets being depreciated	1,042,136	-	-	1,042,136
Less accumulated depreciation for:				
Equipment and Furniture	46,239	823	-	47,062
Infrastructure	737,511	7,380	-	744,891
Total accumulated depreciation	783,750	8,203	-	791,953
Total capital assets being depreciated, net	258,386			250,183
Business-type activities capital assets, net	$ 328,386			$ 320,183

Liabilities

Pension Plan Obligations

The Town is not a participating unit of the Local Governmental Employees' Retirement System administered by the State of North Carolina.

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Through commercial coverage, the Town obtains general liability coverage of $2 million per occurrence and workers' compensation coverage of $1 million per occurrence. 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.

In accordance with G.S. 159-29, the Town's employees that have access to $100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for $50,000. The remaining employees that have access to funds are bonded under a blanket bond for $20,000 or $25,000 per occurrence.

The TDA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Through commercial coverage, the TDA obtains general liability coverage of $1 million per occurrence. 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 finance officer of the TDA is bonded for $50,000.

Claims, Judgments and Contingent Liabilities

At June 30, 2025, there was no material pending or threatened litigation or assessments involving the Town of Lake Santeetlah.

Related Party Transactions

The Town is affiliated with the TDA. The TDA has no employees; therefore, all administrative functions are performed by the Town of Lake Santeetlah employees. The TDA's revenues are collected by employees of the Town and deposited into the TDA's account. The TDA expenditures are processed by the Town staff out of the TDA accounts. The TDA reimbursed the Town for administrative costs in the amount of $432.

Long-Term Obligations

Subscriptions

The board has entered into a subscription agreement for accounting software. The subscription agreement qualifies as other than short-term subscription under GASB 96 and, therefore, has been recorded at the present value of the future minimum payments as of the date of the inception.

The agreement was executed in July 2023 for accounting software and requires annual payments of $13,100. There are no variable components of the subscription. The subscription liability is measured at a discount rate of 5.0%. As a result of the subscription, the Town has recorded a right to use asset with a net book value of $23,821 at June 30, 2025. The right to use asset is discussed in more detail in Note 1.

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

Year Ending June 30,	Principal	Interest	Total
2026	$ 11,882	$ 1,218	$ 13,100
2027	12,477	623	13,100
Total	$ 24,359	$ 1,841	$ 26,200

Non-General Obligation Indebtedness

In January 2021, the Town borrowed $200,000 from United Community Bank, requiring monthly payments of $1,667, plus interest at 2.95%, maturing October 2031. The balance of the outstanding debt at June 30, 2025 was $111,667.

The future minimum payments of the loan agreement as of June 30, 2025 are as follows:

	Business-type Activities	
Year Ending June 30,	Principal	Interest
2026	$ 20,000	$ 3,066
2027	20,000	2,468
2028	20,000	1,875
2029	20,000	1,273
2030	20,000	673
2031	11,667	117
Total	$ 111,667	$ 9,472

Changes in Long Term Liabilities

	Beginning Balance, as restated	Increases	Decreases	Ending Balance	Current Maturities
Governmental activities:					
Compensated Absences	$ 7,691	$ 5,157	$ -	$ 12,848	$ 6,077
Subscription liability	35,675	-	11,316	24,359	11,882
Total Governmental Activities	$ 43,366	$ 5,157	$ 11,316	$ 37,207	$ 17,959
Business-type activities:					
Compensated Absences	$ 1,922	$ 1,290	$ -	$ 3,212	$ 1,519
Installment purchases	131,667	-	20,000	111,667	20,000
Total Business-type Activities	$ 133,589	$ 1,290	$ 20,000	$ 114,879	$ 21,519

At June 30, 2025, the Town of Lake Santeetlah had no bonds authorized or outstanding and a legal debt margin of approximately $10.5 Million.

Interfund Balances and Activity

Due to/from other funds

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

Balances due to the General Fund from the Water Fund for operating expenditures	$ 1,193

These amounts are expected to be repaid during the following year.

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	$ 487,560
Less:	
Stabilization by State Statute	3,846
Remaining fund balance	$ 483,714

Net Investment in Capital Assets – Governmental and Business Type

	Governmental Activities	Business-Type Activities
Total capital assets	$ 391,112	$ 320,183
Less:		
Subscription liability	24,359	-
Installment purchase obligation	-	111,667
Net investment in capital assets	$ 366,753	$ 208,516

Note 4 - Summary Disclosure of Significant Contingencies

Federal and State Assisted Programs

The Town has received proceeds from Federal and State grants at various times. 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 – Accounting Changes

Change in Accounting Principle

Effective July 1, 2024, the Council implemented accounting and financial reporting requirements of GASB Statement 101, Compensated Absences. The statement requires that governments recognize liabilities for sick leave that is attributable to services the employee has rendered, that accumulates and is more likely than not to be used.

Adjustments to and Restatements of Beginning Balances

During the fiscal year ended June 30, 2025, implementation of GASB Statement 101 resulted in restatements of beginning net position and fund net position, as follows:

	Reporting Units Affected by Restatements of Beginning Balances		
	Proprietary Fund	Government-Wide	
	Water Fund	Governmental Activities	Business-Type Activities
June 30, 2024 net position (deficit), as previously reported	$ 338,260	$ 868,196	$ 338,260
Change in accounting principle	(1,922)	(7,691)	(1,922)
June 30, 2024 net position (deficit), as restated	$ 336,338	$ 860,505	$ 336,338

Note 6 – SUBSEQUENT EVENT

Management has evaluated subsequent events through November 14, 2025, the date which the financial statements were available to be issued. Based on this evaluation, management is not aware of any events that occurred subsequent to year-end that would require recognition or disclosure in the accompanying financial statements.

TOWN OF LAKE SANTEETLAH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2025

Exhibit A-1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes - Current Year	$ 272,454	$ 275,910	$ 3,456
Taxes - Prior Years	5,000	1,515	(3,485)
Penalties and interest	-	918	918
Total	277,454	278,343	889
Unrestricted intergovernmental:			
Local option sales taxes	115,000	117,799	2,799
Utility franchise tax	12,000	21,176	9,176
Solid Waste Disposal	20	31	11
Total	127,020	139,006	11,986
Restricted intergovernmental:			
Powell Bill allocation	10,767	10,767	-
Investment earnings	3,000	3,512	512
Miscellaneous	9,819	15,856	6,037
Total revenues	428,060	447,484	19,424
Expenditures:			
General government:			
Governing body:			
Professional services		42,260	
Other operating expenditures		15,157	
Total	63,613	57,417	6,196
Administration:			
Salaries and employee benefits		135,549	
Donations		2,200	
Zoning		2,952	
Tax collection		15,454	
Other operating expenditurs		22,442	
Total	188,225	178,597	9,628

Exhibit A-1

	Budget	Actual	Variance Positive (Negative)
Manirre Public Park:			
Other operating expenditures	800	366	434
Public Buildings:			
Other operating expenditures	5,400	4,655	745
Total general government	258,038	241,035	17,003
Public Safety:			
Contracted services		10,200	
Security light		7,065	
Total	21,000	17,265	3,735
Fire:			
Fire station contributions	6,000	6,000	-
Total public safety	27,000	23,265	3,735
Roads and grounds general:			
Streets and highways:			
Repairs and maintenance		6,952	
Contracted services		78,020	
Tree removal		5,305	
Other operating expenditures		3,007	
Total	110,400	93,284	17,116
Roads and grounds Powell Bill			
Streets and highways:			
Contracted services	10,877	10,767	110
Total transportation	121,277	104,051	17,226

TOWN OF LAKE SANTEETLAH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND (Continued)
For the Year Ended June 30, 2025

Exhibit A-1

	Budget	Actual	Variance Positive (Negative)
Capital outlay	8,640	549	8,091
Debt service			
Principal		11,316	
Interest		1,784	
Total debt service	13,100	13,100	-
Total expenditures	428,055	382,000	46,055
Revenues over (under) expenditures	5	65,484	65,479
Other financing sources (uses)			
Transfers to other funds	(5)	-	5
Net change in fund balance	$ -	65,484	$ 65,484
Fund balances:			
Fund balances, beginning		422,076	
Fund Balance, ending		$ 487,560	

TOWN OF LAKE SANTEETLAH
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) - WATER FUND
For the Year Ended June 30, 2025

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues:			
Consumption	$ 12,400	$ 11,999	$ (401)
Base rate	122,760	124,864	2,104
Late fee	500	1,920	1,420
Total operating revenues	135,660	138,783	3,123
Nonoperating revenues:			
Miscellaneous	100	839	739
Investment earnings	100	1,162	1,062
Total nonoperating revenues	200	2,001	1,801
Total revenues	135,860	140,784	4,924
Expenditures:			
Water administration:			
Audit fees		2,395	
Banking fees and interest		8	
Salaries and employee benefits		34,591	
Software		3,940	
Miscellaneous		4,153	
Total water administration	48,495	45,087	3,408
Water distribution:			
Utilities		6,939	
Postage		534	
Repairs and maintenance		12,876	
Supplies, testing and chemicals		5,098	
Taxes and licenses		520	
Contract operator		16,200	
Other operating expenditures		181	
Total water distribution	51,840	42,348	9,492

TOWN OF LAKE SANTEETLAH
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) - WATER FUND (Continued)
For the Year Ended June 30, 2025

Exhibit B-1

	Budget	Actual	Variance Positive (Negative)
Debt service:			
Interest charges		3,665	
Principal retirement		20,000	
Total debt service	26,100	23,665	2,435
Total expenditures	126,435	111,100	15,335
Revenues over (under) expenditures	9,425	29,684	20,259
Other financing sources (uses):			
Transfer from other fund	(9,425)	-	9,425
Revenues and other financing sources (uses) over (under) expenditures	$ -	29,684	$ 29,684
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		20,000	
Depreciation		(8,203)	
Total		11,797	
Change in Net Position		$ 41,481	

TOWN OF LAKE SANTEETLAH
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - CAPITAL RESERVE ROAD FUND
For the Year Ended June 30, 2025

Exhibit C-1

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Miscellaneous	$ -	$ 29	$ 29
Expenditures:			
Capital Projects	-	-	-
Change in fund balance	$ -	29	$ 29
Fund balances:			
Fund Balance, beginning		59,040	
Fund Balance, ending		$ 59,069	

TOWN OF LAKE SANTEETLAH
TOURISM DEVELOPMENT AUTHORITY - COMPONENT UNIT
STATEMENT OF FUND NET POSITION - PROPRIETARY FUND
June 30, 2025

Exhibit D-1

	Tourism Development Authority
ASSETS	
Current assets:	
Cash and cash equivalents	$ 10,167
LIABILITIES	
Current liabilities:	-
NET POSITIONS	
Promoting travel and tourism	4,950
Unrestricted	5,217
Total net position	$ 10,167

TOWN OF LAKE SANTEETLAH
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP) - TOURISM DEVELOPMENT AUTHORITY
For the Year Ended June 30, 2025

Exhibit D-2

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget -- Positive (Negative)
Revenues:				
Occupancy taxes	$ 11,000	$ 11,000	$ 14,768	$ 3,768
Interest	25	25	38	13
Total revenues	11,025	11,025	14,806	3,781
Expenditures:				
Promoting travel & tourism:				
Advertisements			7,395	
Other expenditures			588	
Total general government expenditures	8,684	8,684	7,983	701
Related expenditures:				
Professional services			600	
Insurance			1,915	
Capital projects			63	
Other operating expenditures			432	
Total related expenditures	4,341	4,341	3,010	1,331
Total expenditures	13,025	13,025	10,993	2,032
Revenues over (under) expenditures	(2,000)	(2,000)	3,813	5,813
Fund balance appropraitions	2,000	2,000	-	2,000
Net change in net position	$ -	$ -	3,813	$ 3,813
Net Position:				
Net Position, beginning			6,354	
Net Position, ending			$ 10,167	

Other Schedules

This section contains additional information on property taxes

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy

TOWN OF LAKE SANTEETLAH
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2025

Exhibit E-1

Fiscal Year	Uncollected Balance June 30, 2024	Additions	Collections and Credits	Uncollected Balance June 30, 2025
2024-2025	$ -	$ 278,767	$ 275,910	2,857
2023-2024	1,785	-	1,435	350
2022-2023	69	-	40	29
2021-2022	29	-	-	29
2020-2021	29	-	-	29
2019-2020	22	-	-	22
2018-2019	13	-	-	13
2017-2018	16	-	-	16
2016-2017	16	-	-	16
2015-2016	13	-	-	13
2014-2015	40	-	40	-
	$ 2,032	$ 278,767	$ 277,425	3,374
Less: allowance for doubtful accounts:				
General Fund				3,374
Ad valorem taxes receivable - net				$ -
Reconcilement with revenues:				
Ad valorem taxes - General Fund				$ 278,343
Reconciling items:				
Interest collected				(958)
Tax writen off				40
Total collections and credits				$ 277,425

TOWN OF LAKE SANTEETLAH
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
June 30, 2025

Exhibit E-2

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	$ 133,123,445	0.2090	$ 278,228	$ 275,634	$ 2,594
Discoveries - current and prior years	494,258		1,033	1,033	-
Releases	(236,364)		(494)	(494)	-
Total property valuation	$ 133,381,339				
Net Levy:			278,767	276,173	2,594
Uncollected taxes at June 30, 2025			(2,857)	(2,857)	-
Current year's taxes collected			$ 275,910	$ 273,316	$ 2,594
Current levy collection percentage			98.98%	98.97%	100.00%