

**THE ERWIN BOARD OF COMMISSIONERS  
DECEMBER 2024 REGULAR MEETING  
THURSDAY, DECEMBER 5, 2024 @ 7:00 P.M.  
ERWIN MUNICIPAL BUILDING BOARDROOM**

**AGENDA**

1. **MEETING CALLED TO ORDER**
  - A. Invocation
  - B. Pledge of Allegiance
2. **AGENDA ADJUSTMENTS /APPROVAL OF AGENDA**
3. **CONSENT**

*All items on Consent Agendas are considered routine, to be enacted on one motion without discussion. If a Board member or citizen requests discussion of an item, the item will be removed from the Consent Agenda and considered under New Business.*

  - A. Regular Workshop on October 28, 2024 **(Page 3)**
  - B. Regular Meeting on November 7, 2024 **(Page 9)**
  - C. 2024 Meeting Schedule **(Page 21)**
  - D. *Resolution Opposing Senate Bill 382 Subpart III-K of the North Carolina Legislative Session*
4. **PRESENTATION OF DECEMBER CITIZEN OF THE MONTH (Page 22)**
5. **PROCLAMATION RECOGNIZING ERWIN'S 13U BOYS FOOTBALL TEAM (Page 22)**
6. **PROCLAMATION RECOGNIZING ERWIN'S 13U GIRLS SOCCER TEAM (Page 22)**
7. **RECESS FOR REFRESHMENTS IN RECOGNITION OF OUR HONOREES**
8. **PRESENTATION OF FISCAL YEAR 2023-2024 AUDIT (Page 14)**
9. **NEW BUSINESS**
  - A. Grain Dealers Encroachment **(Page 26)**
  - B. ZT-2024-005 Letter of Denial **(Page 30)**
10. **PUBLIC COMMENT**

*Each speaker is asked to limit comments to 3 minutes, and the requested total comment period will be 30 minutes or less. Citizens should sign up prior to the start of the meeting. Please provide the clerk with copies of any handouts you have for the Board. Although the Board is interested in hearing your concerns, speakers should not expect Board action or*

*deliberation on the subject matter brought up during the Public Comment segment. Thank you for your consideration of the Town Board, staff, and other speakers. §160A-81.1*

11. **MANAGER'S REPORT**

12. **ATTORNEY'S REPORT**

13. **ADJOURNMENT**

**\*\*IN ACCORDANCE WITH ADA REGULATIONS, PLEASE NOTE THAT ANYONE WHO NEEDS AN ACCOMMODATION TO PARTICIPATE IN THE MEETING SHOULD NOTIFY THE TOWN CLERK AT (910) 591-4202 AT LEAST 48 HOURS PRIOR TO THE MEETING.\*\***

**ERWIN BOARD OF COMMISSIONERS****REGULAR MINUTES****DECEMBER 5, 2024****ERWIN, NORTH CAROLINA**

The Board of Commissioners for the Town of Erwin with Mayor Baker presiding held its Regular Meeting in the Erwin Municipal Building Board Room on Thursday, December 5, 2024, at 7:00 P.M. in Erwin, North Carolina.

Board Members present were Mayor Randy Baker, Mayor Pro Tem Ricky Blackmon, and Commissioners Timothy Marbell, David Nelson, Alvester McKoy, and Billy Turnage.

Board Member Absent was Commissioner Charles Byrd.

Town Manager Snow Bowden, Town Clerk Lauren Evans, Town Attorney Tim Morris, Town Planner Dylan Eure, Finance Director Linda Williams, Code Enforcement Officer Chris Jones, and Police Chief Jonathan Johnson were present.

Mayor Baker called the meeting to order at 7:00 PM.

Pastor Thomas Greene gave the invocation.

Commissioner Blackmon led the Pledge of Allegiance.

**AGENDA ADJUSTMENT/APPROVAL OF AGENDA**

Town Manager Snow Bowden requested to add Resolution Opposing Senate Bill 382 Subpart III-K of the 2024 North Carolina Legislative Session as item D under Consent.

Commissioner Blackmon made a motion to approve the agenda as amended and was seconded by Commissioner Nelson. **The Board voted unanimously.**

**CONSENT**

Commissioner Blackmon made a motion to approve **(ITEM A)** Minutes of Regular Workshop on October 28, 2024 **(ITEM B)** Minutes of Regular Meeting on November 7, 2024 **(ITEM C)** 2024 Meeting Schedule **(ITEM D)** Resolution Opposing Senate Bill 382 Subpart III-K of the 2024 North Carolina Legislative Session and was seconded by Commissioner Turnage. **The Board voted unanimously.**



# TOWN OF ERWIN

P.O. Box 459 • Erwin, NC 28339  
Ph: 910-897-5140 • Fax: 910-897-5543  
[www.erwin-nc.org](http://www.erwin-nc.org)

**Mayor**  
Randy L. Baker  
**Mayor Pro Tem**  
Ricky W. Blackmon  
**Commissioners**  
Alvester L. McKoy  
Timothy D. Marbell  
Charles L. Byrd  
David L. Nelson  
William R. Turnage

## 2025 Town Board Schedule

Thursday, January 2<sup>nd</sup> at 7 PM

Thursday, February 6<sup>th</sup> at 7 PM

Thursday, March 6<sup>th</sup> at 7 PM

Thursday, April 3<sup>rd</sup> at 7 PM

Thursday, May 1<sup>st</sup> at 7 PM

Thursday, June 5<sup>th</sup> at 7 PM

Thursday, July 3<sup>rd</sup> at 7 PM

Thursday, August 7<sup>th</sup> at 7 PM

Thursday, September 4<sup>th</sup> at 7 PM

Thursday, October 2<sup>nd</sup> at 7 PM

Thursday, November 6<sup>th</sup> at 7 PM

Thursday, December 4<sup>th</sup> at 7 PM



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Timothy D. Marbell  
Charles L. Byrd  
David L. Nelson  
William R. Turnage

## 2025 Town Board Workshop Schedule

Monday, January 27<sup>th</sup> at 6 PM

Monday, February 24<sup>th</sup> at 6 PM

Monday, March 24<sup>th</sup> at 6 PM

Monday, April 28<sup>th</sup> at 6 PM

May Workshop Canceled Due to Holiday

Monday, June 23<sup>rd</sup> at 6 PM

Monday, July 28<sup>th</sup> at 6 PM

Monday, August 25<sup>th</sup> at 6 PM

Monday, September 22<sup>nd</sup> at 6 PM

Monday, October 27<sup>th</sup> at 6 PM

Monday, November 24<sup>th</sup> at 6 PM

\*Workshop meetings may be canceled if there is nothing on the agenda



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## 2025 Planning Board/Board of Adjustments Schedule

**Mayor**  
Randy L. Baker  
**Mayor Pro Tem**  
Ricky W. Blackmon  
**Commissioners**  
Alvester L. McKoy  
Timothy D. Marbell  
Charles L. Byrd  
David L. Nelson  
William R. Turnage

Tuesday, January 21<sup>st</sup> at 7 PM (Due to Holiday)

Monday, February 17<sup>th</sup> at 7 PM

Monday, March 17<sup>th</sup> at 7 PM

Monday, April 21<sup>st</sup> at 7 PM

Monday, May 19<sup>th</sup> at 7 PM

Monday, June 16<sup>th</sup> at 7 PM

Monday, July 21<sup>st</sup> at 7 PM

Monday, August 18<sup>th</sup> at 7 PM

Monday, September 15<sup>th</sup> at 7 PM

Monday, October 20<sup>th</sup> at 7 PM

Monday, November 17<sup>th</sup> at 7 PM

Monday, December 15<sup>th</sup> at 7 PM

\*Meeting(s) may be canceled if there is nothing on the agenda



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**Mayor**  
Randy L. Baker  
**Mayor Pro Tem**  
Ricky W. Blackmon  
**Commissioners**  
Alvester L. McKoy  
Timothy D. Marbell  
Charles L. Byrd  
David L. Nelson  
William R. Turnage

## **RESOLUTION OPPOSING SENATE BILL 382 SUBPART III-K OF THE 2024 NORTH CAROLINA LEGISLATIVE SESSION 2024-2025—013**

**WHEREAS**, recognizing the importance of zoning to the peace, prosperity, and happiness of North Carolina's municipalities, for generations the State of North Carolina has allowed municipalities to regulate local development, which in turn, residents have relied upon in making their most important financial investments, the purchase of their homes; and

**WHEREAS**. The Town of Erwin has responsibly exercised the zoning and land use authority granted to it by the State of North Carolina;

**WHEREAS**, the Town of Erwin considers the zoning of properties as a decision to be made by the elected body with input from the property owner(s) and neighboring properties; and

**WHEREAS**, municipalities in the State of North Carolina have their unique characteristics and challenges and statewide zoning mandates thus may have unintended negative consequences for the residents of the State if property owners have the ultimate power of forbidding zoning changes; and

**WHEREAS**, SB382 is now pending in the North Carolina General Assembly to be overridden and would reduce municipalities' authority to zone properties in a way that would best fit the future growth of the town without authorization from the property owner; and

**WHEREAS**, SB382 Subpart III-K is a comprehensive reduction on local land-use planning and the ability of local government, the government closest to the people, to hear from and respond to the needs of our citizens in the long-standing planning and zoning forums granted by law.

**NOW THEREFORE BE IT HEREBY RESOLVED** by the Town Board of the Town of Erwin, North Carolina as follows:

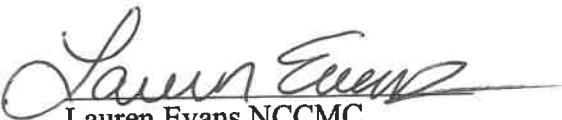
1. That the General Assembly's House of Representatives not override Governor Cooper's Veto of SB382;
2. That a copy of this resolution be sent to our elected NC State Representatives.

3. That the Town Manager take whatever additional steps he deems prudent in opposing this legislation.

**Duly adopted this the 5th day of December 2024.**

**ATTEST:**

  
Randy Baker  
Mayor

  
Lauren Evans NCCMC  
Town Clerk



## MINUTES CONTINUED FROM DECEMBER 5, 2024

### PRESENTATION OF JANUARY CITIZEN OF THE MONTH

Meagan Lorraine Greene of 410 Old Post Road was recognized as the December 2024 Citizen of the Month. Mayor Pro Tem Blackmon presented her with a Proclamation Plaque.

*The Proclamation is part of these minutes as an attachment.*

### PROCLAMATION RECOGNIZING ERWIN'S 13U BOYS FOOTBALL TEAM

The Town Board of Commissioners recognized Coaches Chamod Thompson and Jamel Sledge Sr. and the players on the 2024 Erwin 13U Boys Football Team for an amazing season. Mayor Baker presented Coach Chamod Thompson with a Proclamation Plaque.

*The Proclamation is part of these minutes as an attachment.*

### PROCLAMATION RECOGNIZING ERWIN'S 13U GIRLS SOCCER TEAM

The Town Board of Commissioners recognized Coaches Amanda Lee and Jessica Lucas and the players on the 2024 Erwin 13U Girls Soccer Team for an amazing season. Mayor Baker presented Coach Jessica Lucas with a Proclamation Plaque.

*The Proclamation is part of these minutes as an attachment.*

### RECESSED

Commissioner Turnage made a motion to recess at 7:17 PM for a reception and was seconded by Commissioner Blackmon. **Motion Unanimously Approved.**

### RECONVENED

Commissioner Blackmon made a motion to go back into regular session at 7:231 PM and was seconded by Commissioner Turnage. **Motion Unanimously Approved.**

### PRESENTATION OF FISCAL YEAR 2023-2024 AUDIT

R. Bryon Scott, CPA came forward and presented the Fiscal Year 2023-2024 Audit for the Town of Erwin.

*A copy of the Fiscal Year 2023-2024 Audit Presentation is attached to these minutes.*

Commissioner Blackmon made a motion to accept the audit report as submitted and was seconded by Commissioner McKoy. **The Board voted unanimously.**



# TOWN OF ERWIN

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## PROCLAMATION RECOGNIZING MEAGAN LORRAINE GREENE FOR CITIZEN OF THE MONTH

2024-2025--004

**Mayor**  
Randy L. Baker  
**Mayor Pro Tem**  
Ricky W. Blackmon  
**Commissioners**  
Alvester L. McKoy  
Timothy D. Marbell  
Charles L. Byrd  
David L. Nelson  
William R. Turnage

**WHEREAS**, the Town of Erwin Mayor and Board of Commissioners realize that the Town of Erwin's greatest asset is viewed as the citizens that contribute tirelessly and unselfishly of themselves to aid in the well-being of the residents within the community. These citizens display characteristics and qualities in an individual that strive to make a real difference in the lives of children, adults, and the elderly without desire for recognition, remuneration, or personal gain; and

**WHEREAS**, Mrs. Meagan Lorraine Greene of 410 Old Post Road, Erwin was born in the Bronx of New York on July 25, 1987, to Steve and Lorraine Vizard.

**WHEREAS**, Mrs. Greene graduated from East Carolina University in Greenville, NC in May of 2010 with a B.A. in History and then went on to graduate from Campbell University Divinity School in May of 2014 with a Masters of Divinity. She is currently in the process of her doctoral studies at Campbell University where she hopes to obtain her Doctor of Ministry.

**WHEREAS**, Mrs. Greene married her husband, Thomas, on May 8, 2016, and their 8.5 years of marriage has been blessed with one son, Harris Mitchum Greene. She has been associated with Erwin since 2014 and moved to Erwin with her husband in 2018. She is a Co-Pastor at First Baptist Church of Erwin and has been serving there for 2 years and 8 months; and

**WHEREAS**, Mrs. Greene has served local churches in Dunn and Smithfield since January 2011. She has felt great joy in nurturing others in their faith walk with Christ, serving her local community, and serving on the Erwin Area Chamber of Commerce as a clergy representative. She was an instructor at Byung Lee's Martial Arts where she also obtained her third-degree blackbelt and she even competed in tournaments in South Korea where she came in second place. She is a Civil War enthusiast, participating in reenactments from Bentonville all the way to Gettysburg. She is also an electric guitarist of an all-girl band. Above all, she is grateful to be a part of a Town/Community that strives to love one another and their neighbors.

**NOW THEREFORE BE IT RESOLVED** that the Town of Erwin Mayor and Board of Commissioners give recognition and appreciation to Mrs. Meagan Lorraine Greene for her valuable contributions to the quality of life in our community and proudly acknowledge Mrs. Meagan Lorraine Greene as the December 2024 Citizen of the Month.

**Duly Adopted**, this the 5<sup>th</sup> day of December 2024.

**ATTEST:**

  
Randy Baker, Mayor

  
Lauren Evans, Town Clerk



# TOWN OF ERWIN

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## TOWN OF ERWIN PROCLAMATION TO CONGRATULATE ERWIN 13U BOYS FOOTBALL TEAM 2024-2025—002

**Mayor**  
Randy L. Baker  
**Mayor Pro Tem**  
Ricky W. Blackmon  
**Commissioners**  
Alvester L. McKoy  
Timothy D. Marbell  
Charles L. Byrd  
David L. Nelson  
William R. Turnage

**WHEREAS**, Coaches Chamod Thompson and Jamel Sledge Sr. and the players on the 2024 Erwin 13U Boys Football Team led the team to triumph by utilizing a combination of all the attributes of a championship-caliber football team; and

**WHEREAS**, the talented players of this championship team are Jamel Sledge, Braden Smith, Ryan Galicia, Sire Brooker, Mason Jones, Phillip McLeod, Max Cullen, Miles Matthews, Kaden Worth, Michael Matthews, Ayden West, Rodrick Worth, Tucker Lucas, Tavon Blue, Ayden Amerson, and Decari Carpenter; and

**WHEREAS**, throughout the season the 2024 Erwin 13U Boys Football Team exhibited the tenacity and determination that would lead them on to victories which included winning the Harnett County Championship; and

**WHEREAS**, Coaches Chamod Thompson and Jamel Sledge Sr. are to be commended for their hard work and dedication, which provided this team of young athletes with the achievement they will certainly cherish for the rest of their lives; and

**WHEREAS**, it is with great pleasure and Town of Erwin pride, that the Town of Erwin Mayor and Board of Commissioners pauses to recognize the accomplishments and dedication of these fine Town of Erwin athletes and their coaches and to congratulate them on their momentous success.

**NOW THEREFORE BE IT RESOLVED**, by the Mayor and Board of Commissioners of the Town of Erwin, congratulate the 2024 Erwin 13U Boys Football Team and coaches on an amazing season.

**DULY ADOPTED**, this the 5<sup>th</sup> day of December 2024.

**ATTEST:**

Randy Baker  
Mayor

Lauren Evans, NCCMC  
Town Clerk



# TOWN OF ERWIN

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## TOWN OF ERWIN PROCLAMATION TO CONGRATULATE ERWIN 13U GIRLS SOCCER TEAM 2024-2025—003

**Mayor**  
Randy L. Baker  
**Mayor Pro Tem**  
Ricky W. Blackmon  
**Commissioners**  
Alvester L. McKoy  
Timothy D. Marbell  
Charles L. Byrd  
David L. Nelson  
William R. Turnage

**WHEREAS**, Coaches Amanda Lee and Jessica Lucas and the players on the 2024 Erwin 13U Girls Soccer Team led the team to triumph by utilizing a combination of all the attributes of a championship-caliber soccer team; and

**WHEREAS**, the talented players of this championship team are Angel Marie Corbin, Lilly Bergman, Skyleigh Tyndall, Abigail Corbin, Javonn Bagwell, Savannah McLamb, Keira Stevens, Chloe Lucas, Hailey Ramirez, Elena Tasios, Lillith Hoose, Lydia Brown, Sloan Colmenero, Zoie Beasley, Danielle Fisher, Knorah Whitmore, and Jasiah Bagwell; and

**WHEREAS**, throughout the season the 2024 Erwin 13U Girls Soccer Team exhibited the tenacity and determination that would lead them on to victories which included winning the Harnett County Title; and

**WHEREAS**, Coaches Amanda Lee and Jessica Lucas are to be commended for their hard work and dedication, which provided this team of young athletes with the achievement they will certainly cherish for the rest of their lives; and

**WHEREAS**, it is with great pleasure and Town of Erwin pride, that the Town of Erwin Mayor and Board of Commissioners pauses to recognize the accomplishments and dedication of these fine Town of Erwin athletes and their coaches and to congratulate them on their momentous success.

**NOW THEREFORE BE IT RESOLVED**, by the Mayor and Board of Commissioners of the Town of Erwin, congratulate the 2024 Erwin 13U Girls Soccer Team and coaches on an amazing season.

**DULY ADOPTED**, this the 5<sup>th</sup> day of December 2024.

**ATTEST:**

Randy Baker  
Mayor

Lauren Evans, NCCMC  
Town Clerk



# Audit Presentation

Town of Erwin

Fiscal Year June 30, 2024

R. Bryon Scott, CPA  
910-862-8129  
[bscott@tpsacpas.com](mailto:bscott@tpsacpas.com)





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### Chart presentation

- General Fund Revenue Analysis
- General Fund Expenditures Analysis
- Revenue Analysis-Fiscal year June 30, 2024
- Revenue Analysis-Fiscal year June 30, 2023
- Expenditures Analysis-Fiscal year June 30, 2024
- Expenditures Analysis-Fiscal year June 30, 2023
- Cash Analysis-Five years for General & Capital Enhancement Funds
- Fund Balance Analysis-Five years for General & Capital Enhancement Funds
- Tax Collection Rate Analysis
- Property Tax Valuation Analysis

### Required Auditor Communications

### Communication of Internal Control Related Matters

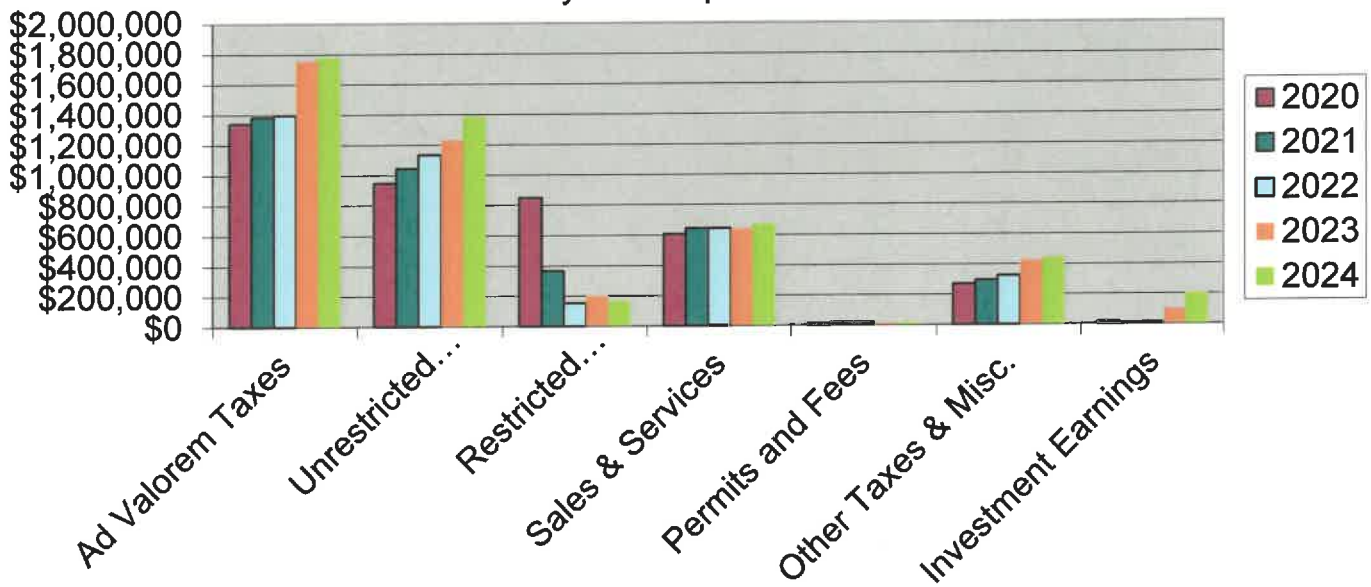
### Schedule of Findings & Responses

### LGC Financial Indicators



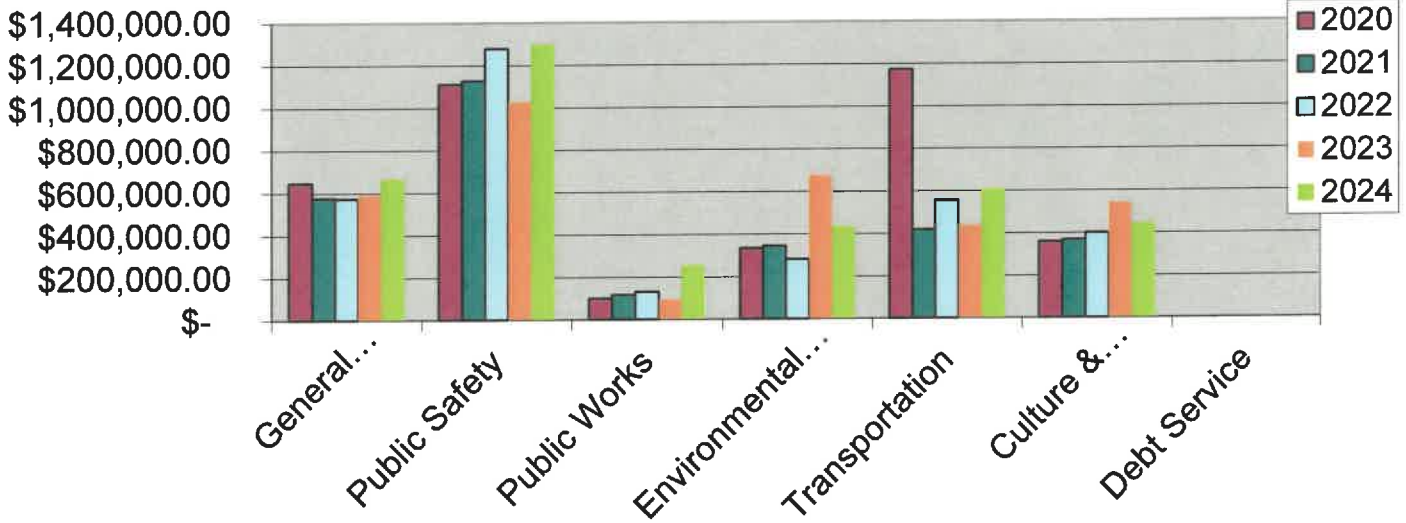


### Town of Erwin General Fund Revenue 5 year comparison





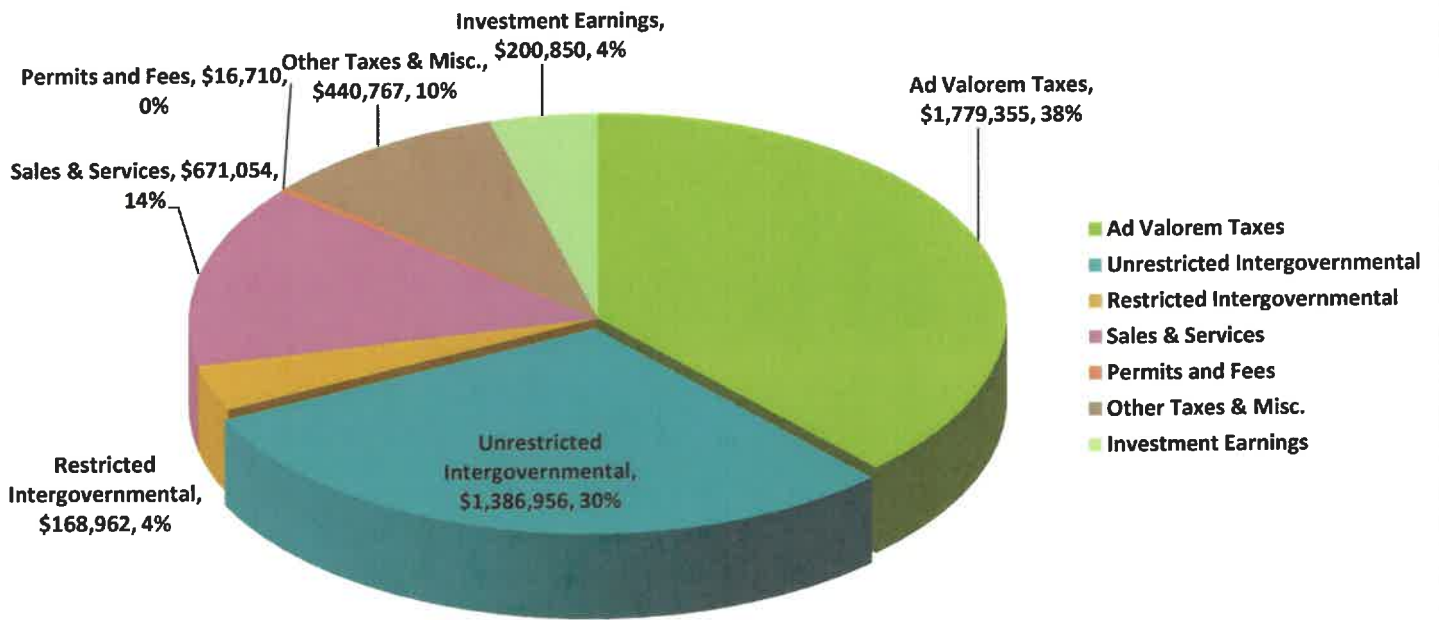
### Town of Erwin General Fund Expenditures 5 year comparison





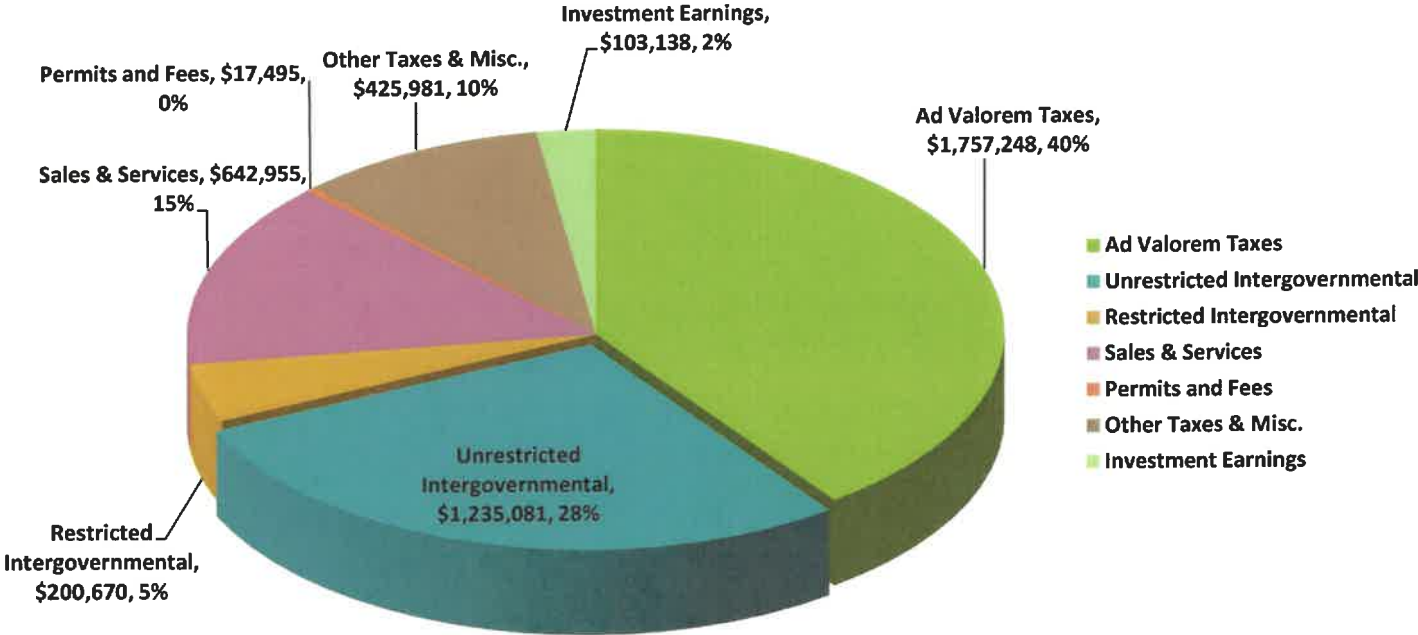


# Town of Erwin 2024 Revenue



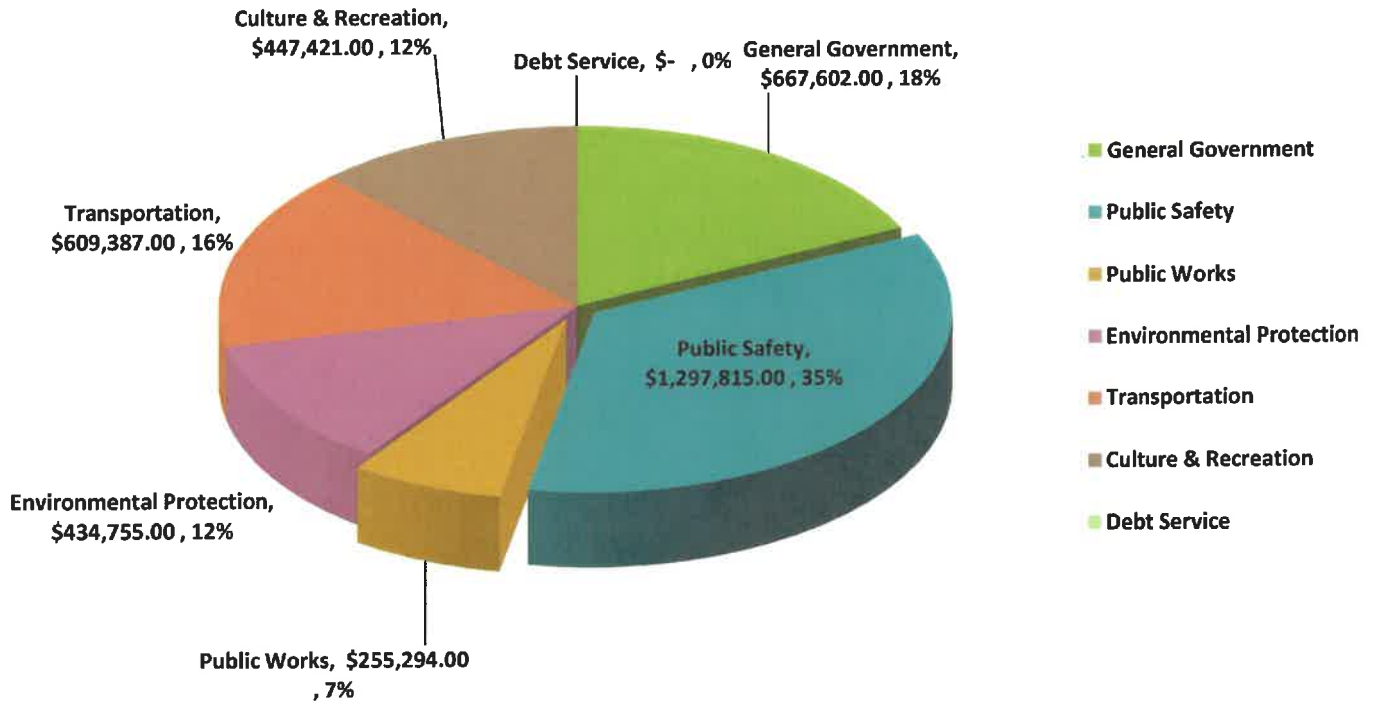


# Town of Erwin 2023 Revenue



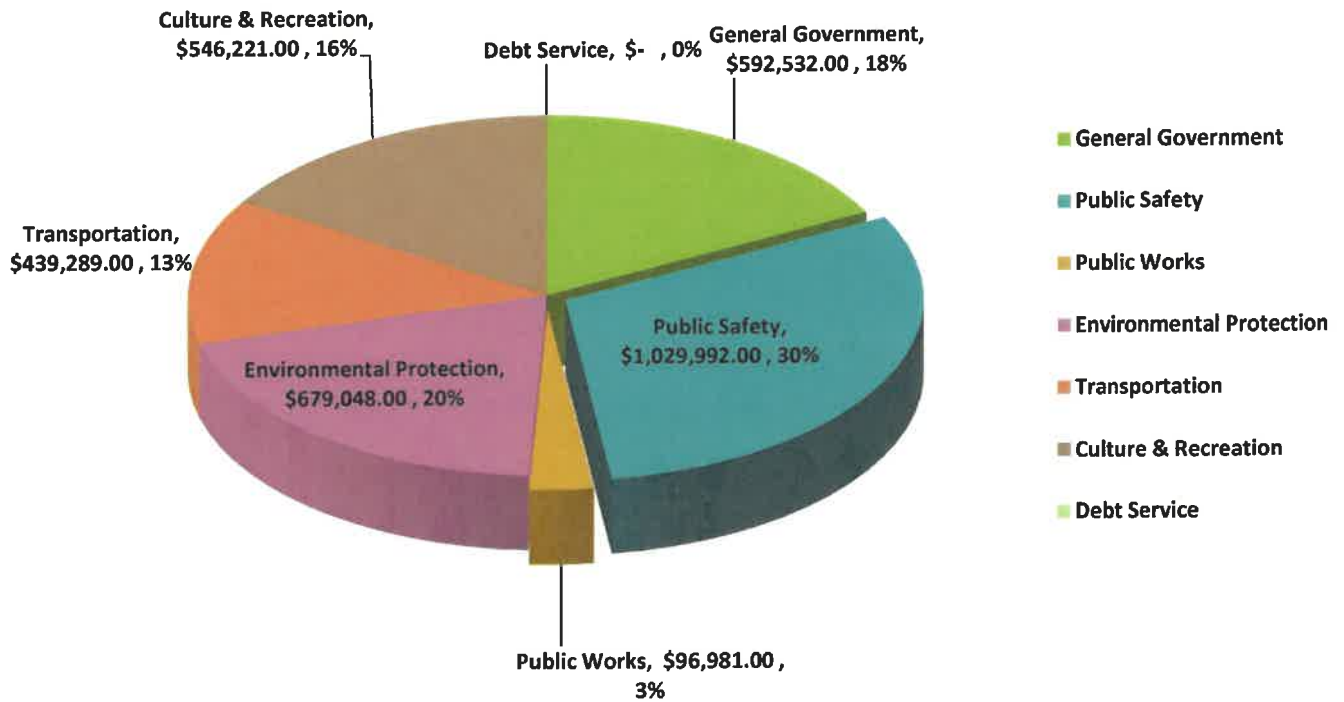


## Town of Erwin 2024 Expenditures



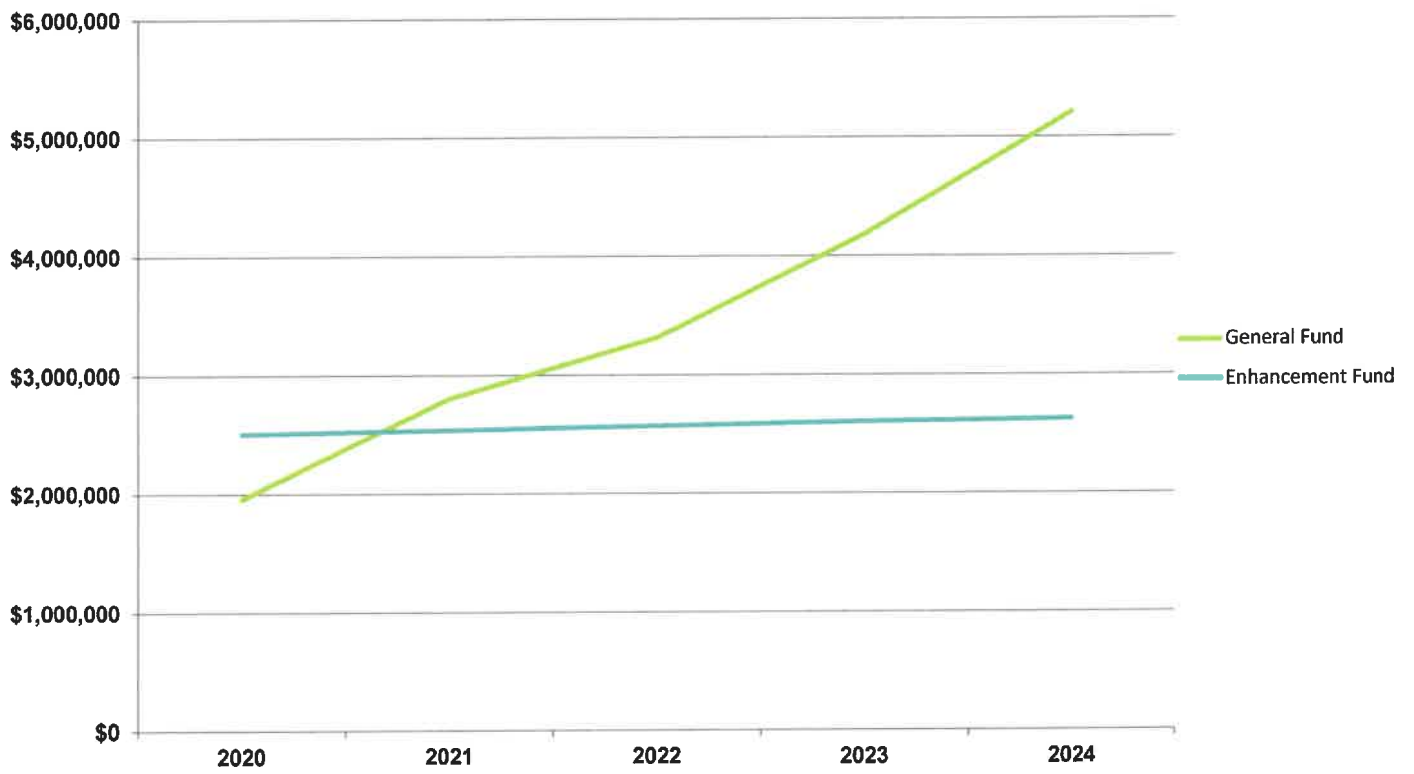


## Town of Erwin 2023 Expenditures



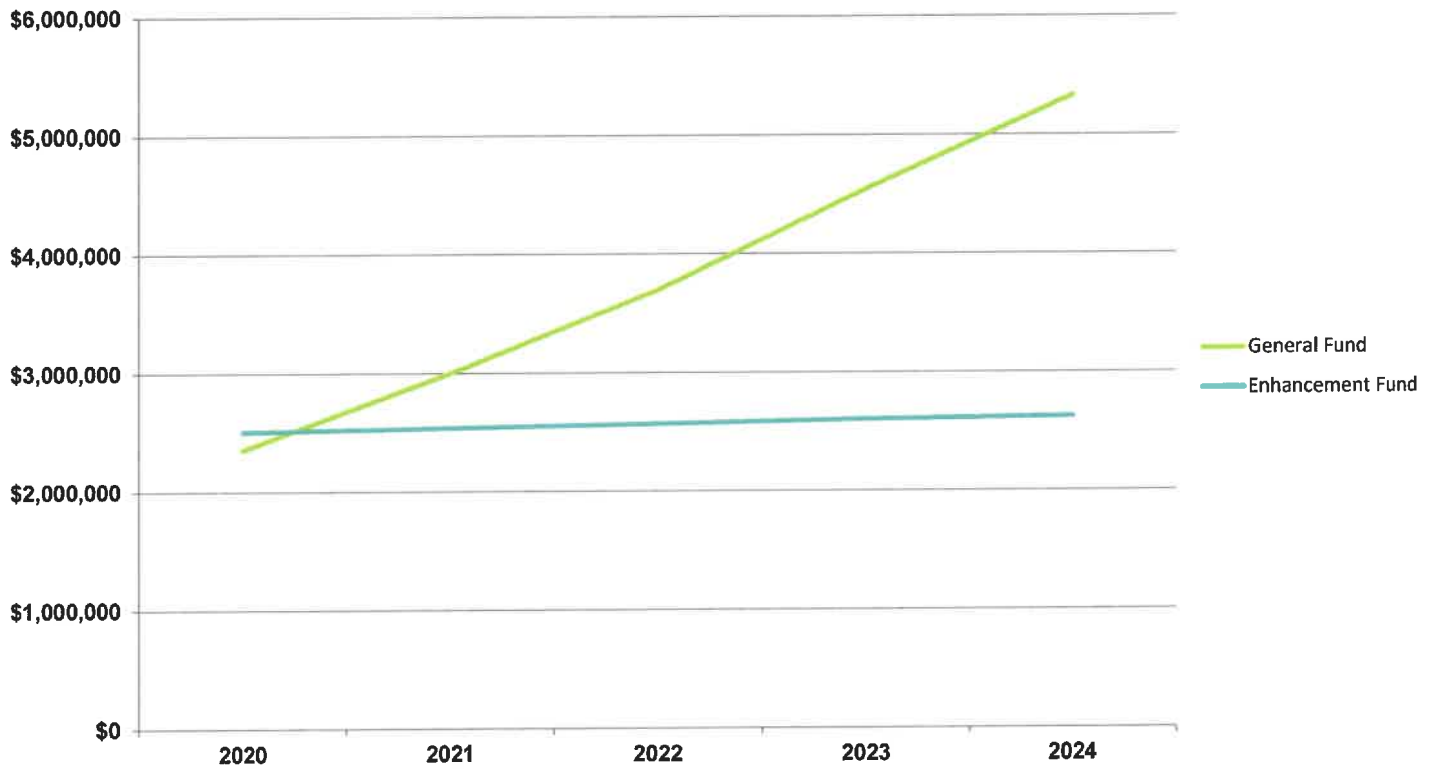


## Cash Analysis-General Fund and Capital Enhancement Fund





## Fund Balance Analysis-General Fund and Capital Enhancement Fund





# Town of Erwin

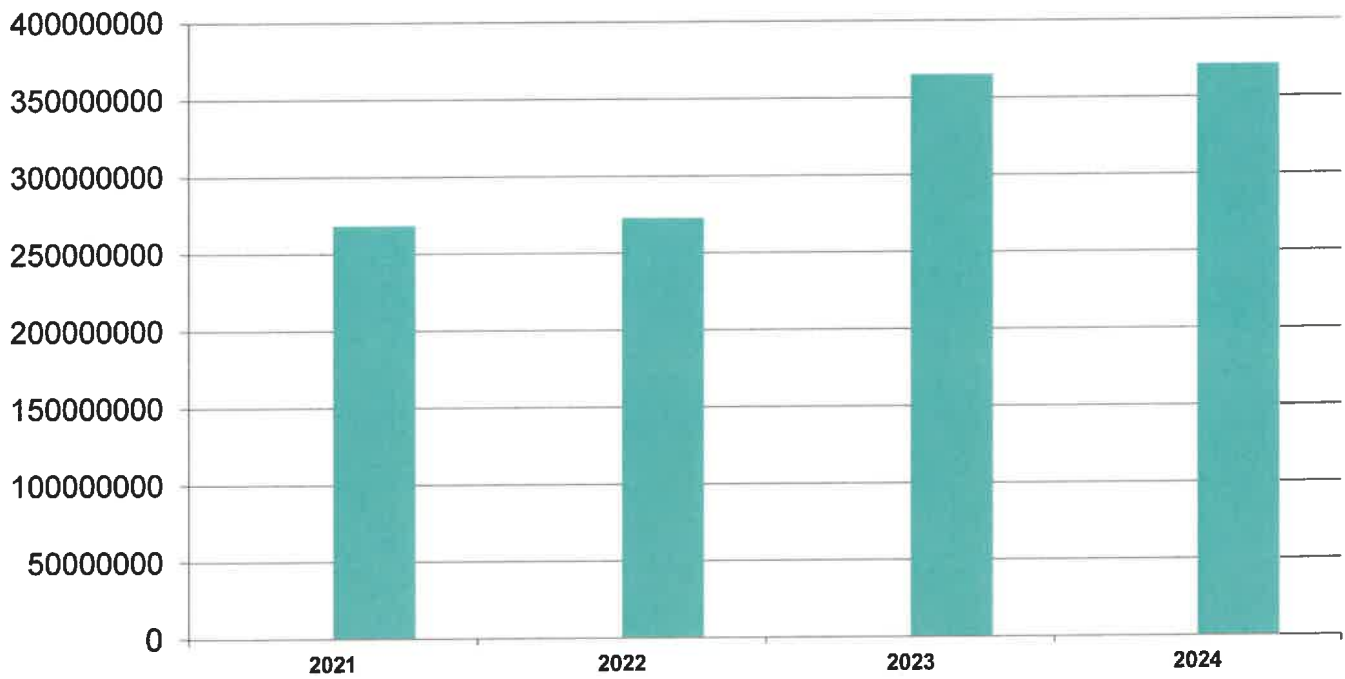
## Tax Collection Rate

### 4 year comparison





### Town of Erwin Property Tax Valuation





TOWN OF ERWIN

ERWIN, NORTH CAROLINA

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# Required Auditor Communications

Town of Erwin  
Fiscal Year June 30, 2024





## Table of Contents

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Required Auditor  
Communications

Communication of Internal  
Control Related Matters

Schedule of Findings & Responses



## Required Auditor Communications

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| Area  | Comments  |
|---|---|
| <b>Our Responsibility under Generally Accepted Auditing Standards</b> | <ul style="list-style-type: none"><li>● Express opinion on these financial statements in conformity with generally accepted accounting principles.</li><li>● Plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.</li><li>● Determine audit procedures based upon our risk assessment of material misstatement and evaluation of internal control.</li><li>● Evaluating appropriateness of accounting policies, reasonableness of significant accounting estimates, and overall presentation of financial statements.</li><li>● Consider the Town's ability to continue as a going concern for a reasonable period of time.</li><li>● Communicating significant matters to management.</li><li>● Accumulate all known and likely misstatements identified and communicate them to appropriate level of management.</li><li>● We have no responsibility to perform procedures beyond those related to the financial statements.</li></ul> |
| <b>Planned scope and timing of the audit</b>                          | <ul style="list-style-type: none"><li>● Perform the audit according to our letter to you dated May 1, 2024. (Copy available at your request.)</li></ul>   |



## Required Auditor Communications

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| Area  | Comments  |
|---|---|
| <b>Significant accounting policies</b>                  | <ul style="list-style-type: none"><li>● Management is responsible for selecting and implementing appropriate accounting policies.</li><li>● See Note 1 to the financial statements.</li><li>● No transactions entered into for which there was a lack of authoritative guidance.</li><li>● Significant policies are listed in detail in the notes section. There are no unusual policies.</li></ul> |
| <b>Adoption or change in accounting policies</b>        | <ul style="list-style-type: none"><li>● None.</li></ul>   |
| <b>Significant accounting estimates</b>                 | <ul style="list-style-type: none"><li>● Based on management's knowledge/experience.</li><li>● Significant estimates include uncollectable accounts, based on prior year write offs.</li><li>● Estimates are reasonable.</li></ul>   |
| <b>Significant disclosures</b>                          | <ul style="list-style-type: none"><li>● Disclosures are neutral, consistent, and clear.</li></ul>   |
| <b>Difficulties encountered in Performing the audit</b> | <ul style="list-style-type: none"><li>● No significant difficulties performing the audit.</li></ul>   |
| <b>Disagreements with management</b>                    | <ul style="list-style-type: none"><li>● No such disagreements arose during the course of the audit.</li></ul>   |
| <b>Corrected/uncorrected misstatements</b>              | <ul style="list-style-type: none"><li>● No uncorrected audit adjustments.</li><li>● Management reviewed and accepted responsibility for all proposed adjusting entries.</li></ul>   |



## Required Auditor Communications

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| Area  | Comments  |
|---|---|
| <b>Management representation</b>            | <ul style="list-style-type: none"><li>● Management signed those representations on October 14, 2024. (Copy available at your request.)</li></ul>                                    |
| <b>Consultations with other accountants</b> | <ul style="list-style-type: none"><li>● None to our knowledge.</li></ul>  |
| <b>Other issues</b>                         | <ul style="list-style-type: none"><li>● Discussed application of accounting principles and auditing standards prior to retention but not as a condition to our retention.</li></ul> |
| <b>Other findings and comments</b>          | <ul style="list-style-type: none"><li>● See compliance section of audit.</li><li>● Local Government Commission's financial indicators.</li></ul>                                    |



## Communication of Internal Control Related Matters

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### Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

#### Independent Auditor's Report

To the Honorable Mayor and  
Members of the Town Council  
Town of Erwin, 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, each major fund and the aggregate remaining fund information of the Town of Erwin, North Carolina, as of and for the year ended June 30, 2024, and related notes to the financial statements, which collectively comprises the Town of Erwin's basic financial statements, and have issued our report thereon dated October 14, 2024.

#### **Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Erwin's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Erwin'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 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency, 2024-001.





## Communication of Internal Control Related Matters

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### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Erwin'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*.

### **Town of Erwin's Responses to Findings**

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

### **Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

*Thompson, Price, Scott, Adams & Co., P.A*

Elizabethtown, North Carolina

October 14, 2024





## Schedule of Findings and Responses

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### Section I. Summary of Auditor's Results

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#### Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?                     yes     none reported
- Significant Deficiency(s) identified?                 yes     none reported

Noncompliance material to financial statements noted?                     yes     no



## Schedule of Findings and Responses

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### Section II – Financial Statement Findings

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#### SIGNIFICANT DEFICIENCIES

##### 2024 – 001 Segregation of Duties

**Criteria:** The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and recording of a transaction and the custody of the related asset. There needs to be a reconciliation or control activity to provide reasonable assurance that transactions are handled appropriately.

**Condition:** Key duties and functions are not segregated amount Town personnel. This is especially a concern in cash management, accounts receivable, purchasing, and payroll functions in all departments.

**Effect:** Transactions could be mishandled, due to errors or fraud that could lead to loss of assets or the reporting of misleading financial information.

**Cause:** There are a limited number of personnel for certain functions and lack of board oversight.

**Identification of a repeat finding:** This is a repeat finding from the immediate previous audit, 2023-001.

**Recommendation:** The duties should be separated as much as possible, by possibly training and utilizing non-financial personnel and utilizing alternative controls. The governing board should provide some of these controls.

**Views of responsible officials and planned corrective actions:** The Town agrees with this finding and will adhere to the correction action plan on page 63 in this audit report.

## PERFORMANCE INDICATORS

The self-reported information from your unit's audit report was used to generate the following trends and performance indicators. We have created this Performance Indicator tab to make these indicators available to auditors and local governments when your audit is conducted. If any unit's results are shaded red, the unit must submit a "Response to the Auditor's Findings, Recommendations, and Fiscal Matters" within 60 days from the auditor's board presentation. The response must address all performance indicators shaded in red.

|                     |              |                  |                                      |
|---------------------|--------------|------------------|--------------------------------------|
| <b>Unit Name:</b>   | <b>Erwin</b> | Fiscal Year 2024 | Explanation of Performance Indicator |
| <b>Unit Number:</b> | <b>50126</b> |                  |                                      |

In the past, units of government have been grouped by population to evaluate ratios and benchmarking (Including Fund Balance Available). Beginning with fiscal year 2020, we have grouped units by General Fund expenditures for purposes of evaluating the minimum amount of fund balance a unit needs to operate. A unit's General Fund expenditures proved to be a better correlation to the amount of funds balance needed to operate, especially for units with large higher education or tourism populations. Activity from Debt Service Funds (if applicable) is included in the calculation because these funds typically originate from the General Fund and are transferred to a Debt Service Fund.

The table below lists the thresholds that are used in the analysis of your unit's fiscal health. These thresholds were determined based on an analysis of previous years general fund activity. These thresholds will be monitored and updated as applicable.

| Municipalities                   |   |   |   |
|----------------------------------|---|---|---|
| General Fund Expenditures below: | Median FBA as % of Expenditures without Powell Bill | Minimum Thresholds FBA as % of Expenditures | # of Months FBA using Annualized Expenditures |
| \$100,000                        | 260%  | 100%  | 12.00   |
| \$100,000 to \$999,999           | 132%  | 71%   | 8.52  |
| \$1,000,000 to \$9,999,999       | 63%   | 34%   | 4.08  |
| Above \$10,000,000               | 46%   | 25%   | 3.00  |

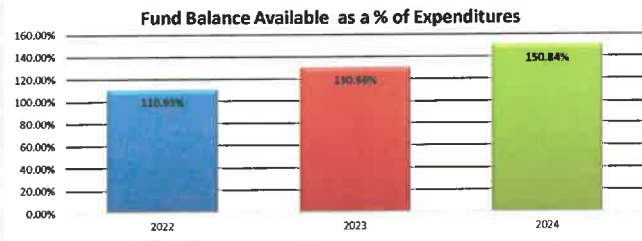
| Counties                         |   |   |   |
|----------------------------------|---|---|---|
| General Fund Expenditures below: | Median FBA as % of Expenditures without Powell Bill | Minimum Thresholds FBA as % of Expenditures | # of Months FBA using Annualized Expenditures |
| Below \$100,000,000              | 39%   | 20%   | 2.40  |
| \$100,000,000 and above          | 32%   | 16%   | 1.92  |

Units of government are grouped by general fund expenditures for purposes of evaluating available fund balance as a percentage of expenditures (GF FBA%). Each grouping category has its own minimum threshold. If you are in the lower quartile your GF FBA% might be considered a performance indicator of concern and you might be asked to communicate to us. To the left are the minimum thresholds for Municipalities and Counties.

**GENERAL FUND:**  
As of the publication date of this workbook, prior year self-reported numbers may not been received by the LGC staff, please contact LGC staff at [lgaudit@nctreasurer.com](mailto:lgaudit@nctreasurer.com) to have the prior year's financial data populated on this worksheet. Please include in email subject "Prior Year Financial Data."

|                   |              |
|-------------------|--------------|
| Minimum Threshold | Unit Results |
|-------------------|--------------|

1.



34% – Average of similar units is 63%

150.84%

Fund balance available for appropriation is an important reserve for local governments to provide cash flow during periods of declining revenues and to be used for emergencies and unforeseen expenditures. The information to the left indicates the amount of available cash on hand. You will also see the average for units of your size. **Note that 8.33% represents enough fund balance to cover only one month of expenditures.** Normally, a unit has to either increase revenues or decrease expenditures to increase fund balance available.

This calculation looks at fund balance available plus debt service fund balance (if applicable) less Powell Bill restricted fund balance. This number is then divided by the total of total expenditures plus transfers out less bond proceeds and less amount expended for Powell Bill Expenditures.

| Unit Name:    |   | Erwin |  | Fiscal Year 2024                |              | Explanation of Performance Indicator  |  |
|---------------|---|-------|--|---------------------------------|--------------|---|--|
| Unit Number:  |   | 50126 |  |                                 |              |   |  |
| GENERAL FUND: |   |       |  | Minimum Threshold               | Unit Results |   |  |
| 2.            | There was appropriated fund balance for the General Fund in the 2023 budget <b>AND</b> your change in fund balance was negative. Please state if fund balance was used for operations or capital purposes in account 590 on the Unit Data from Audit Worksheet. |       |  | Positive Change in Fund Balance | N/A          | If the General Fund has more expenditures than revenues because of operational issues and fund balance was appropriated to cover the loss, the continuation of this practice could result in deterioration of a unit's fund balance available.  |  |
| 3.            | The General Fund had total fund balance less than zero - Fund Deficit   |       |  | Positive Fund Balance           | \$5,900,130  | The General Fund has a fund deficit which means that the unit's revenues and other receipts are inadequate to support its operations. G.S. 159 13(b)(2) requires that the board fund the full amount of a prior fiscal year's deficit in the current fiscal year's budget. Therefore, this deficit should have been funded immediately after the June 30, fiscal year-end. The law requires such action be taken to stop any further deterioration of the overall financial condition of the fund. Please let us know if the deficit was funded in the budget, and what actions the unit plans to take to bring the general fund balance up to an acceptable level. |  |

| Unit Name:   |  | Erwin   |         |                         | Fiscal Year 2024   |   | Explanation of Performance Indicator  |
|--|--|---------|---------|-------------------------|--|---|---|
| Unit Number:   |  | 50126   |         |                         |  |   |   |
| <b>WATER SEWER FUND:</b><br>As of the publication date of this workbook, prior year self-reported numbers may not been received by the LGC staff, please contact LGC staff at lgcaudit@nctreasurer.com to have the prior year's financial data populated on this worksheet. Please include in email subject "Prior Year Financial Data." |  |         |         | Minimum Threshold       | Unit Results   | Note: If more than one performance indicator is identified, one proposed solution may solve all water and sewer performance indicators.   |   |
| 4.   | <b>Quick Ratio-Water and Sewer</b><br>   |         |         | Equal or greater than 1 | #DIV/0!  | A Quick Ratio less than 1 indicates that the unit owes mores for its current bills than what it has on hand in unrestricted cash and investments plus what is owed from customers (accounts receivable). This could indicate that the fund may have difficulty paying its current bills. If this pattern continues, the water and/or sewer system may not be sustainable. |   |
| Cash Flow Indicators:  |  | 2022    | 2023    | 2024                    | Minimum Threshold  | Unit Results  |   |
| 5.   | Operating Net Income (Loss) excluding depreciation, including debt service principal and interest  | N/A     | N/A     | N/A                     | Greater than zero  | N/A   | This calculation subtracts operating expenses from operating revenues. Depreciation expense is not included the calculation but debt principal and interest payments are included. A negative balance indicates that your rates are not covering your operating expenses and debt service payments.   |
| 6.   | Unrestricted cash /total expenses excluding depreciation, including debt service principal   | N/A     | N/A     | N/A                     | Greater than 16% (2 months)                                  | N/A   | This indicator calculates how many month's worth of expenses (including debt principal but not depreciation) a unit can pay based on the amount of unrestricted cash at year-end. The typical billing cycle is one month (8.33%) and one extra month usually gives a local government enough cash to handle unusual monthly expenses (16.66%). <b>This 16% would be the bare minimum necessary to keep the fund from experiencing cash flow issues.</b> |
| 7.   | It appears your Water Sewer Fund has transfers-in for the support of operations that are greater than 3% of the total of operating and non-operating expenses. Please discuss the purpose of such transfers-in and if you plan to continue these transfers-in. |         |         | No                      |  | No  | The rate structure of the Water and Sewer Fund should support the operating expenses of the fund without operating subsidies or transfers from other funds.   |
| 8  | Water and Sewer Capital Assets Condition Ratio   | #DIV/0! | #DIV/0! | #DIV/0!                 | Remaining useful life of asset greater than or equal to 0.50 | #DIV/0!   | This capital assets condition ratio formula calculates the remaining useful life. A remaining useful asset value less than 0.50 may signal the need to replace the assets in the near future.   |

| Unit Name:   |             | Erwin       |             |             | Fiscal Year 2024            |                     | Explanation of Performance Indicator   |  |      |  |      |      |                         |         |  |
|--|-------------|-------------|-------------|-------------|-----------------------------|---------------------|--|--|------|--|------|------|-------------------------|---------|--|
| Unit Number:   |             | 50126       |             |             |                             |                     |  |  |      |  |      |      |                         |         |  |
| <b>ELECTRIC FUND:</b><br><small>As of the publication date of this workbook, prior year self-reported numbers may not been received by the LGC staff, please contact LGC staff at lgcaudit@nctreasurer.com to have the prior year's financial data populated on this worksheet. Please include in email subject "Prior Year Financial Data."</small> |             |             |             |             | Minimum Threshold           | Unit Results        | <b>Note: If more than one performance indicator is identified, one proposed solution may solve all electric performance indicators.</b>  |  |      |  |      |      |                         |         |  |
| <p style="text-align: center;"><b>Quick Ratio-Electric</b></p> <table border="1" style="margin-left: auto; margin-right: auto;"> <tr><th>Year</th><th>Quick Ratio</th></tr> <tr><td>2022</td><td></td></tr> <tr><td>2023</td><td></td></tr> <tr><td>2024</td><td>0.00</td></tr> </table>   |             |             |             |             | Year                        | Quick Ratio         | 2022   |  | 2023 |  | 2024 | 0.00 | Equal or greater than 1 | #DIV/0! | A Quick Ratio less than 1 indicates that the unit owes more for its current bills than what it has on hand in unrestricted cash and investments plus what is owed from customers (accounts receivable). This could indicate that the fund may have difficulty paying its current bills. If this pattern continues, the electric system may not be sustainable. |
| Year   | Quick Ratio |             |             |             |                             |                     |  |  |      |  |      |      |                         |         |  |
| 2022   |             |             |             |             |                             |                     |  |  |      |  |      |      |                         |         |  |
| 2023   |             |             |             |             |                             |                     |  |  |      |  |      |      |                         |         |  |
| 2024   | 0.00        |             |             |             |                             |                     |  |  |      |  |      |      |                         |         |  |
| <b>Cash Flow Indicators:</b>   |             | <b>2022</b> | <b>2023</b> | <b>2024</b> | <b>Minimum Threshold</b>    | <b>Unit Results</b> |  |  |      |  |      |      |                         |         |  |
| 10 Operating Net Income (Loss) excluding depreciation, including debt service principal and interest   |             | N/A         | N/A         | N/A         | Greater than zero           | N/A                 | This calculation subtracts operating expenses from operating revenues. Depreciation expense is not included the calculation but debt principal and interest payments are included. A negative balance indicates that your rates are not covering your operating expenses.  |  |      |  |      |      |                         |         |  |
| 11 Unrestricted cash /total expenses excluding depreciation, including debt service principal  |             | N/A         | N/A         | N/A         | Greater than 16% (2 months) | N/A                 | This indicator calculates how many month's worth of expenses (including debt principal but not depreciation) a unit can pay based on the amount of unrestricted cash at year-end. The typical billing cycle is one month (8.33%) and one extra month usually gives a local government enough cash to handle unusual monthly expenses (16.66%). This 16% would be the bare minimum necessary to keep the fund from experiencing cash flow issues. |  |      |  |      |      |                         |         |  |

| Unit Name:                      |   | Erwin      |                        | Fiscal Year 2024      |   | Explanation of Performance Indicator |  |
|---------------------------------|---|------------|------------------------|-----------------------|---|--------------------------------------|--|
| Unit Number:                    |   | 50126      |                        |                       |   |                                      |  |
| GENERAL PERFORMANCE INDICATORS: |   | 2024       | Target                 |                       |   |                                      |  |
| 12                              | What date was the audit report submitted to the LGC? (Note audit reports are due four months after fiscal year end regardless of the contract submission date.)   | 10/28/2024 |                        | Response Not Required | As stewards of the public's resources, the governing body is responsible for ensuring that the audited financial statements are available to the public in a timely manner. External groups such as the North Carolina General Assembly, federal and State agencies that provide funding, and other public associations need current financial information about your local government as well. |                                      |  |
|                                 |   | 2024       | Target                 |                       |   |                                      |  |
| 13                              | The budgeted ad valorem tax (including motor vehicles) for the General Fund had more than 3% uncollected for the fiscal year audited. Decreases are shown by a negative percentage.   | 1.75%      | Less than 3%           | 1.75%                 | This indicator shows that the local government did not collect 3% (or more) of its budgeted ad valorem taxes. This could be an indicator of negative economic events, inaccurate budgeting, and/or issues with the collection process. Uncollected revenues at the 3% level represent several pennies of the tax rate.  |                                      |  |
|                                 |   | 2024       | Target                 |                       |   |                                      |  |
| 14                              | You indicated that you expect a decrease in property value for your next property revaluation. In your FPIC Response Letter please discuss the magnitude of the drop in valuation, the overall cause of the drop and how you plan to recover the lost revenues.   | N/A        | Any estimated decrease | N/A                   | You indicated that you expect a decrease in property value for your next property revaluation which could result in lost tax revenue.   |                                      |  |
|                                 |   | 2024       | Target                 |                       |   |                                      |  |
| 15                              | Did your audit disclose any budget violations at the adopted ordinance level? (Yes or No)   | No         | No over-expenditures   | No                    | The unit has expenditures that exceed the legal budget ordinance. This indicates that the unit's purchase order system, contract approval process and / or payment process is not in compliance with North Carolina General Statute 159.  |                                      |  |
|                                 |   | 2024       | Target                 |                       |   |                                      |  |
| 16                              | The Unit had material weaknesses, significant deficiencies, statutory violations and/or items identified on the TD Info Completed by Auditor tab that should be addressed in the FPIC Response Letter.  | No         |                        | No                    | <b>This indicator identifies whether the unit has any material weaknesses, significant deficiencies, management letter comments or items identified on the TD Info Completed by Audit tab including 1055, 1056, 1058, 955 and 957, that require a response.</b>   |                                      |  |
| 17                              | Did the unit have a board-appointed finance officer or board-appointed interim finance officer the entire fiscal year as required by G.S. 159-24 which provides that "each local government and public authority shall, at all times, have a finance officer appointed by the local government, public authority, or designated official to hold office at the pleasure of the appointing board or official?" (Yes or No) | Yes        |                        | Yes                   | The indicator is to determine if any time during the fiscal year, the unit was without a board-appointed finance officer.   |                                      |  |
| 18                              | Was the finance officer or interim finance officer bonded pursuant to G.S. 159-29 which requires that the finance officer give a true accounting and faithful performance bond in an amount not less than the greater of (1) \$50,000 or (2) an amount equal to 10% of the unit's annually budgeted funds, up to \$1,000,000? (Yes or No)   | Yes        |                        | Yes                   | The indicator is to determine if any time during the fiscal year, the unit was board-appointed finance officer was not bonded.  |                                      |  |

| Unit Name:                      |  | Erwin |        | Fiscal Year 2024 |  | Explanation of Performance Indicator  |  |
|---------------------------------|--|-------|--------|------------------|--|---|--|
| Unit Number:                    |  | 50126 |        |                  |  |   |  |
| GENERAL PERFORMANCE INDICATORS: |  | 2024  | Target |                  |  |   |  |
| 19                              | The unit had problems with debt service payments being late and/or did not comply with the bond covenants.   | N/A   |        | N/A              |  | This indicator advises whether or not the unit has issues with debt service payments or bond covenants.                             |  |
|                                 |  | 2024  | Target |                  |  |   |  |
| 20                              | Electric transfers-out have exceeded the amounts described in GS 159B-39. If your unit is a member of the North Carolina Eastern Municipal Power Agency it appears you have violated the GS.<br>OR<br>If you are not a member of the Eastern Municipal Power Agency it appears that you have violated your unit's transfer policy. | No    |        | No               |  | This indicator advises if there were electric transfers in violation of G.S. 159B-39 or in violation of the unit's transfer policy. |  |
|                                 |  | 2024  | Target |                  |  |   |  |
| 21                              | Are there additional issues the unit should address that affect the fiscal health or internal controls of the unit that were communicated to the unit during the audit presentation? <u>Please include details of the issue in cell J46 to the right and in your FPIC Response.</u>  | No    |        | No               |  | <u>This indicator advises if any other issues that the unit should address in the FPIC response letter.</u>                         |  |



**TOWN OF ERWIN  
ERWIN, NORTH CAROLINA  
FINANCIAL STATEMENTS  
June 30, 2024**



TOWN OF ERWIN, NORTH CAROLINA  
FINANCIAL STATEMENTS  
June 30, 2024

Randy L. Baker, Mayor

BOARD OF COMMISSIONERS

Charles L. Byrd  
Ricky Blackmon  
Alvestor L. McKoy

Billy Turnage  
David L. Nelson  
Timothy D. Marbell

TOWN OFFICERS

Linda P Williams  
Finance Director

Snow Bowden, Town Manager

Lauren Evans  
Town Clerk

Tim Morris  
Attorney

TOWN OF ERWIN, NORTH CAROLINA  
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June 30, 2024

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## FINANCIAL SECTION







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R. Bryon Scott, CPA  
Gregory S. Adams, CPA  
Alan W. Thompson, CPA

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### **Independent Auditor's Report**

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

#### **Report on the Audit of the Financial Statements**

##### ***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Erwin, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based upon our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Erwin as of June 30, 2024, and the respective changes in financial position, thereof and the respective budgetary comparisons for the General Fund and the Community Enhancement 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 Erwin 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 Erwin'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 misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *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 responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Erwin'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 Erwin'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 (pages 4 through 9) and the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions (pages 38 and 39) the Other Post Employment Benefit (pages 40 and 41) and Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions (page 42) respectively be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Erwin's basic financial statements. The combining and 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 by us. In our opinion, based on our audit, the procedures performed as described above the combining and individual fund financial statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2024 on our consideration of the Town of Erwin's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Erwin's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Erwin's internal control over financial reporting and compliance.

*Thompson, Price, Scott, Adams & Co., PA*

Elizabethtown, North Carolina

October 14, 2024

TOWN OF ERWIN

ERWIN, NORTH CAROLINA

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Erwin, we offer readers of the Town of Erwin's (The "Town") financial statements this narrative overview and analysis of the financial activities of the Town of Erwin for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

### FINANCIAL HIGHLIGHTS

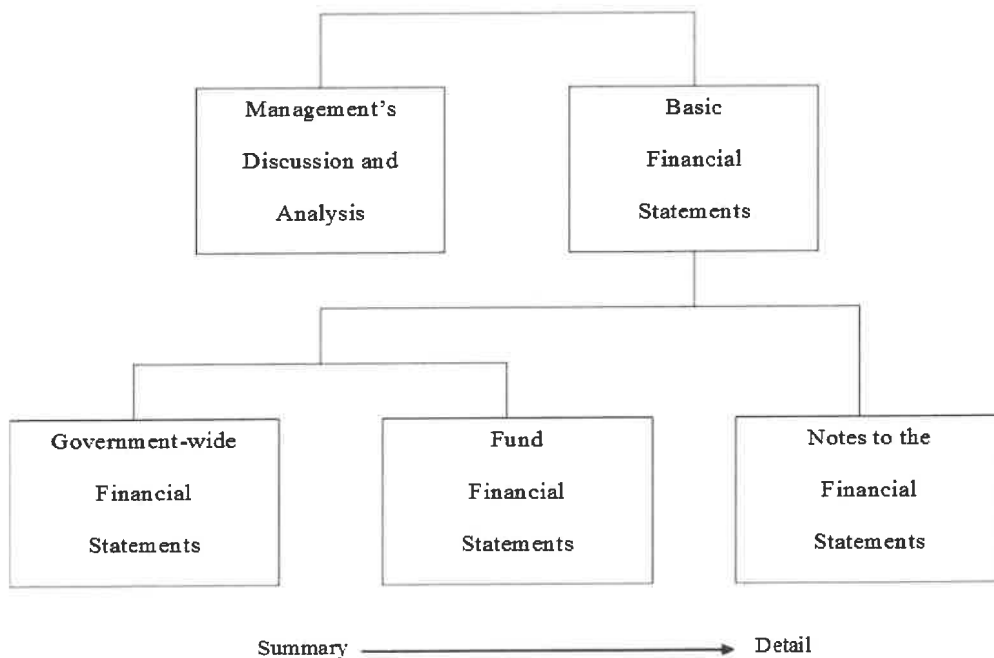
- The assets and deferred outflows of resources of the Town of Erwin exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$12,907,195 (*net position*).
- The government's total net position increased by \$2,072,567 primarily due to increases in various grants and investment income.
- As of the close of the current fiscal year, the Town's governmental funds reported ending fund balances of \$10,147,156 an increase of \$2,033,764. Approximately 18 percent of this total amount, or \$1,836,492 is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,211,296 or 141 percent of total general fund expenditures for the fiscal year.
- The Town of Erwin's long term debt consists of compensated absences, other post-employment obligation and pension obligations.

### OVERVIEW OF THE FINANCIAL STATEMENTS

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

#### 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 5) 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 two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements for governmental funds.

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

## GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

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

The government-wide statements have only one category: 1) governmental activities. The governmental activities include all of the Town's basic services such as public safety, environmental protection, transportation, parks and recreation, and general administration. Property taxes, sales taxes and State and federal grant funds finance most of these activities.

The government-wide financial 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 of Erwin'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 Erwin, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of Town of Erwin can be divided into one category: governmental funds.

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

Management Discussion and Analysis  
**Town of Erwin**

The Town of Erwin 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.

**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 19 of this audit report.

**Other Information** – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Erwin’s progress in funding its obligation to provide pension and other post-employment benefits to its employees. Required supplementary information can be found beginning on page 38 of this report.

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

**Government-Wide Financial Analysis**

**Town of Erwin’s Net Position**  
**Figure 2**

|                                       | Governmental Activities |                      |
|---------------------------------------|-------------------------|----------------------|
|                                       | 2024                    | 2023                 |
| <b>Assets</b>                         |                         |                      |
| Current and other assets:             | \$ 10,589,487           | \$ 9,340,516         |
| Capital Assets                        | 4,433,709               | 4,284,252            |
| Total assets                          | <u>15,023,196</u>       | <u>13,624,768</u>    |
| <b>Deferred Outflows of Resources</b> | <u>841,082</u>          | <u>867,400</u>       |
| <b>Liabilities</b>                    |                         |                      |
| Long-term liabilities outstanding     | 2,033,721               | 1,930,075            |
| Other liabilities                     | 341,698                 | 1,164,887            |
| Total liabilities                     | <u>2,375,419</u>        | <u>3,094,962</u>     |
| <b>Deferred inflows of resources</b>  | <u>576,032</u>          | <u>562,578</u>       |
| <b>Net Position</b>                   |                         |                      |
| Net Investment in Capital Assets      | 4,433,709               | 4,284,252            |
| Restricted                            | 1,827,629               | 859,686              |
| Unrestricted(Deficit)                 | 6,645,857               | 5,690,690            |
| Total Net Position                    | <u>\$ 12,907,195</u>    | <u>\$ 10,834,628</u> |

Management Discussion and Analysis  
**Town of Erwin**

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Erwin exceeded liabilities and deferred inflows of resources by \$12,907,195 as of June 30, 2024. The Town's net position increased by \$2,078,199 for the fiscal year ended June 30, 2024. However, a portion, \$4,433,709 (34%), reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Erwin uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Erwin's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Erwin's net position of \$1,827,629 (14%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,645,857 (52%) is unrestricted.

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

- Revenues increased including ad valorem taxes and grant revenue.
- Investment income increased.
- Expenditures increased to satisfy grant requirements.

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

|   | Governmental Activities |                      |
|---|-------------------------|----------------------|
|   | 2024                    | 2023                 |
| Revenues  |                         |                      |
| Program Revenues  |                         |                      |
| Charges for Services  | \$ 718,337              | \$ 702,374           |
| Grants and Entitlements   | 1,962,832               | 899,866              |
| General Revenue   |                         |                      |
| Property Taxes  | 1,799,672               | 1,767,254            |
| Grants and contributions not<br>restricted to specific programs | 1,386,956               | 1,235,081            |
| Other Taxes   | 377,721                 | 372,981              |
| Investment Earnings   | 210,695                 | 118,307              |
| Other   | 71,571                  | 53,000               |
| Total Revenues  | <u>6,527,784</u>        | <u>5,148,863</u>     |
| Expenses  |                         |                      |
| General Government  | 890,713                 | 767,106              |
| Public Safety   | 1,614,317               | 1,462,833            |
| Transportation  | 1,000,742               | 760,495              |
| Economic Development  | 109                     | -                    |
| Environmental Protection  | 343,400                 | 299,340              |
| Cultural and Recreation   | 605,936                 | 547,959              |
| Total Expenses  | <u>4,455,217</u>        | <u>3,837,733</u>     |
| Increase(Decrease) in Net Position                              | <u>2,072,567</u>        | <u>1,311,130</u>     |
| Net Position, beginning   | <u>10,834,628</u>       | <u>9,523,498</u>     |
| Net Position, ending  | <u>\$ 12,907,195</u>    | <u>\$ 10,834,628</u> |

**Governmental Activities** - Governmental activities increased the Town of Erwin's net position by \$2,072,567, thereby accounting for all of the increase in the net position of the Town of Erwin. Key elements of the increase were mentioned above.



Management Discussion and Analysis  
**Town of Erwin**

**FINANCIAL ANALYSIS OF THE TOWN’S FUNDS**

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

**Governmental Funds.** The focus of the Town of Erwin’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 Erwin’s financing requirements.

The general fund is the chief operating fund of the Town of Erwin. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$5,211,296, while total fund balance reached \$5,900,130.

At June 30, 2024, the governmental funds of Town of Erwin reported a combined fund balance of \$10,147,296 with a net increase in fund balance of \$2,033,764. Included in this change in fund balance is an increase in fund balance of the General Fund.

**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.

**CAPITAL ASSET AND DEBT ADMINISTRATION**

**Capital assets.** The Town of Erwin’s investment in capital assets for its governmental activities as of June 30, 2024, totals \$4,433,709 (net of accumulated depreciation). These assets include buildings, machinery and equipment, and vehicles.

Major capital asset transactions during the fiscal year include the following:

- Park parking lot improvements.
- The addition of various equipment including leaf trucks.

**Town of Erwin’s Capital Assets  
(net of depreciation)  
Figure 4**

|                              | Governmental Activities |              |
|------------------------------|-------------------------|--------------|
|                              | 2024                    | 2023         |
| Land                         | \$ 191,207              | \$ 191,207   |
| Construction in Progress     | 124,122                 | 659,534      |
| Buildings and Improvements   | 1,313,803               | 1,382,499    |
| Equipment                    | -                       | 8,347        |
| Vehicles and Motor Equipment | 948,328                 | 718,745      |
| Infrastructure               | 1,634,805               | 1,096,657    |
| Land Improvements            | 221,444                 | 227,263      |
|                              | \$ 4,433,709            | \$ 4,284,252 |

Additional information on the Town’s capital assets can be found beginning on page 25 of the Basic Financial Statements.

Management Discussion and Analysis  
Town of Erwin

**Long-term Debt.** As of June 30, 2024, the Town of Erwin has no outstanding debt.

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 Erwin is \$29,265,781. The Town did not issue any bonds during the fiscal year 2024-2025. Additional information regarding the Town's long-term debt can be found beginning on page 36.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

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

- The Town of Erwin's capability to grow its tax base while implementing a fiscally conservative policy has allowed the tax rate to remain consistent, although the County Revaluation has increased the overall tax base with increases to property values within the Town, and serves as an indicator of the progressing economy in Erwin. The upcoming year's tax rates are unchanged at \$0.48 town tax rate and \$.095 fire protection rate.
- The Town of Erwin must seek to diversify its economy and move from its roots of manufacturing reliance. Efforts are underway to expand and enhance the commercial growth corridor of 421 as well as a downtown revitalization initiative.

The Town will continually need to closely examine all areas of revenues and expenditures as part of standard operations of procedure to increase unrestricted revenue.

#### **BUDGET HIGHLIGHTS FOR THE FISCAL YEAR ENDING JUNE 30, 2025**

##### **Governmental Activities – General Fund**

The Town of Erwin did not change the ad valorem tax rate with the 2024-2025 adopted budget. Due to external economic factors, the Town of Erwin does not expect increases in the collection of revenues from state shared sales or franchise taxes. The lack of expected increases is anticipated to lead to the sustaining of budgeted revenue for the fiscal year ending June 30, 2025. The Town will use these revenues to finance programs currently in place.

Budgeted expenditures in the General Fund are expected to remain relatively consistent with previous levels due to continued and focused efforts by management to contain expenses and continue to deliver necessary services.

#### **REQUESTS FOR INFORMATION**

This report is designed to provide an overview of the Town of Erwin'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 Snow Bowden, Town Manager, Town of Erwin, P.O. Box 459, Erwin NC 28339. Mr. Bowden can be reached by e-mail at [townmanager@erwin-nc.org](mailto:townmanager@erwin-nc.org) or by telephone at (910) 897-5140. Additional information about the unit may be obtained from the Town of Erwin website at [www.erwin-nc.org](http://www.erwin-nc.org).

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## Basic Financial Statements

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Town of Erwin, North Carolina  
**Statement of Net Position**  
June 30, 2024

Exhibit 1

|   | Governmental<br>Activities |
|---|----------------------------|
| <b>Assets</b>                             |                            |
| Current assets:                           |                            |
| Cash & cash equivalents                   | \$ 8,663,517               |
| Restricted cash                           | 1,293,516                  |
| Taxes receivable (net)                    | 46,955                     |
| Accrued interest receivable on taxes      | 8,266                      |
| Accounts receivable (net)                 | 279                        |
| Lease Receivable                          | 22,527                     |
| Due from other governments                | 452,318                    |
| Total current assets                      | 10,487,378                 |
| Non-current Assets:                       |                            |
| Lease Receivable                          | 102,109                    |
| Capital Assets:                           |                            |
| Land and nondepreciable improvements      | 315,329                    |
| Other capital assets, net of depreciation | 4,118,380                  |
| Total capital assets                      | 4,433,709                  |
| Total Non-current Assets                  | 4,535,818                  |
| Total Assets                              | 15,023,196                 |
| <b>Deferred Outflows of Resources</b>     |                            |
| Pension deferrals                         | 660,600                    |
| OPEB deferrals                            | 180,482                    |
| Total Deferred Outflows of Resources      | 841,082                    |
| <b>Liabilities</b>                        |                            |
| Current liabilities:                      |                            |
| Accounts payable and accrued liabilities  | 179,887                    |
| Unearned revenue                          | 91,409                     |
| Current portion of long-term debt         | 76,034                     |
| Long-term Liabilities:                    |                            |
| Net pension liability-LGERS               | 963,924                    |
| Total OPEB liability                      | 727,105                    |
| Total pension liability-LEO               | 278,113                    |
| Due in more than one year                 | 64,579                     |
| Total liabilities                         | 2,381,051                  |

Town of Erwin, North Carolina  
**Statement of Net Position**  
June 30, 2024

Exhibit 1

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|                                      | <u>Governmental<br/>Activities</u> |
|--------------------------------------|------------------------------------|
| <b>Deferred Inflows of Resources</b> |                                    |
| Prepaid taxes                        | 41                                 |
| Leases                               | 115,773                            |
| Pension deferrals                    | 155,675                            |
| OPEB deferrals                       | <u>304,543</u>                     |
|                                      | <u>576,032</u>                     |
| <b>Net Position</b>                  |                                    |
| Net Investment in capital assets     | 4,433,709                          |
| Restricted for:                      |                                    |
| Stabilization by state statute       | 625,522                            |
| Streets                              | 232,642                            |
| Cultural and Recreation              | 465,979                            |
| Economic Development                 | 499,891                            |
| Public safety                        | 3,595                              |
| Unrestricted                         | <u>6,645,857</u>                   |
| Total Net Position                   | <u>\$ 12,907,195</u>               |

TOWN OF ERWIN

ERWIN, NORTH CAROLINA

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Town of Erwin, North Carolina  
**Statement of Activities**  
For the Year Ended June 30, 2024

Exhibit 2

| Functions/Programs            | Expenses            | Program Revenues       |  |  | Net (Expense) Revenue<br>and Changes<br>in Net Position |
|-------------------------------|---------------------|------------------------|--|--|---|
|                               |                     | Charges for<br>Service | Operating Grants<br>and<br>Contributions | Capital Grants<br>and<br>Contributions | Governmental<br>Activities                              |
| Primary Government:           |                     |                        |  |  |   |
| Governmental Activities:      |                     |                        |  |  |   |
| General Government            | \$ 890,713          | \$ 49,662              | \$ 149,374                               | \$ -                                   | \$ (691,677)  |
| Public Safety                 | 1,614,317           | 85,229                 | 326,043                                  | -                                      | (1,203,045)   |
| Transportation                | 1,000,742           | 12,656                 | 278,055                                  | -                                      | (710,031)   |
| Economic Development          | 109                 | -                      | -  | 500,000                                | 499,891   |
| Environmental Protection      | 343,400             | 497,836                | -  | -                                      | 154,436   |
| Cultural and Recreation       | 605,936             | 72,954                 | 86,246                                   | 623,114                                | 176,378   |
| Total Governmental Activities | <u>\$ 4,455,217</u> | <u>\$ 718,337</u>      | <u>\$ 839,718</u>                        | <u>\$ 1,123,114</u>                    | <u>(1,774,048)</u>                                      |

General Revenues:

|  |                      |
|--|----------------------|
| Taxes:   |                      |
| Property taxes, levied for general purpose                   | 1,799,672            |
| Other taxes  | 377,721              |
| Grants and contributions not restricted to specific programs | 1,386,956            |
| Investment earnings, unrestricted                            | 210,695              |
| Miscellaneous, unrestricted                                  | 71,571               |
| Total general revenues                                       | <u>3,846,615</u>     |
| Change in net position                                       | <u>2,072,567</u>     |
| Net position - beginning                                     | <u>10,834,628</u>    |
| Net position - ending  | <u>\$ 12,907,195</u> |

**Balance Sheet**  
**Governmental Funds**  
June 30, 2024

|  | Major Funds         |                                    |                                 |                                  |                     | Total<br>Governmental<br>Funds |
|--|---------------------|------------------------------------|---------------------------------|----------------------------------|---------------------|--------------------------------|
|  | General Fund        | Al Woodall<br>Park<br>Improvements | American<br>Relief<br>Plan Fund | Community<br>Enhancement<br>Fund | Non-Major<br>Funds  |                                |
| <b>Assets</b>  |                     |                                    |                                 |                                  |                     |                                |
| Cash and cash equivalents  | \$ 5,564,149        | \$ 441,980                         | \$ -                            | \$ 2,624,522                     | \$ 32,866           | \$ 8,663,517                   |
| Restricted cash  | 236,237             | -                                  | 91,409                          | -                                | 965,870             | 1,293,516                      |
| Receivables (net):   |                     |                                    |                                 |                                  |                     |                                |
| Taxes  | 46,955              | -                                  | -                               | -                                | -                   | 46,955                         |
| Accounts   | 279                 | -                                  | -                               | -                                | -                   | 279                            |
| Due from other funds   | -                   | 2,193                              | -                               | 120,732                          | 50,000              | 172,925                        |
| Due from other governments   | 452,318             | -                                  | -                               | -                                | -                   | 452,318                        |
| Lease Receivable   | -                   | -                                  | -                               | 124,636                          | -                   | 124,636                        |
| Total assets   | <u>6,299,938</u>    | <u>444,173</u>                     | <u>91,409</u>                   | <u>2,869,890</u>                 | <u>1,048,736</u>    | <u>10,754,146</u>              |
| <b>Liabilities</b>   |                     |                                    |                                 |                                  |                     |                                |
| Accounts payable and accrued liabilities                           | 179,887             | -                                  | -                               | -                                | -                   | 179,887                        |
| Unearned revenue   | -                   | -                                  | 91,409                          | -                                | -                   | 91,409                         |
| Due to other funds   | 172,925             | -                                  | -                               | -                                | -                   | 172,925                        |
| Total liabilities  | <u>352,812</u>      | <u>-</u>                           | <u>91,409</u>                   | <u>-</u>                         | <u>-</u>            | <u>444,221</u>                 |
| <b>Deferred inflows of resources</b>                               |                     |                                    |                                 |                                  |                     |                                |
| Property tax receivable  | 46,955              | -                                  | -                               | -                                | -                   | 46,955                         |
| Prepaid taxes  | 41                  | -                                  | -                               | -                                | -                   | 41                             |
| Leases   | -                   | -                                  | -                               | 115,773                          | -                   | 115,773                        |
| Total deferred inflows of resources                                | <u>46,996</u>       | <u>-</u>                           | <u>-</u>                        | <u>115,773</u>                   | <u>-</u>            | <u>162,769</u>                 |
| <b>Fund Balances:</b>  |                     |                                    |                                 |                                  |                     |                                |
| Non Spendable  |                     |                                    |                                 |                                  |                     |                                |
| Leases   | -                   | -                                  | -                               | 8,863                            | -                   | 8,863                          |
| Restricted   |                     |                                    |                                 |                                  |                     |                                |
| Stabilization by State Statute                                     | 452,597             | 2,193                              | -                               | 120,732                          | 50,000              | 625,522                        |
| Streets  | 232,642             | -                                  | -                               | -                                | -                   | 232,642                        |
| Cultural and Recreation  | -                   | -                                  | -                               | -                                | 465,979             | 465,979                        |
| Economic Development   | -                   | -                                  | -                               | -                                | 499,891             | 499,891                        |
| Public Safety  | 3,595               | -                                  | -                               | -                                | -                   | 3,595                          |
| Committed  |                     |                                    |                                 |                                  |                     |                                |
| Cultural and Recreation  | -                   | 441,980                            | -                               | -                                | 32,866              | 474,846                        |
| Capital Projects   | -                   | -                                  | -                               | 2,624,522                        | -                   | 2,624,522                      |
| Unassigned   | 5,211,296           | -                                  | -                               | -                                | -                   | 5,211,296                      |
| Total fund balances  | <u>5,900,130</u>    | <u>444,173</u>                     | <u>-</u>                        | <u>2,754,117</u>                 | <u>1,048,736</u>    | <u>10,147,156</u>              |
| Total liabilities, deferred inflows of resources and fund balances | <u>\$ 6,299,938</u> | <u>\$ 444,173</u>                  | <u>\$ 91,409</u>                | <u>\$ 2,869,890</u>              | <u>\$ 1,048,736</u> | <u>\$ 10,754,146</u>           |



Town of Erwin, North Carolina  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2024

Exhibit 3, continued

---

|  |    |                          |
|--|----|--------------------------|
| Amounts reported for governmental activities in the Statement of   |    |                          |
| Net Position (Exhibit 1) are different because:  |    |                          |
| Total Fund Balance, Governmental Funds   | \$ | 10,147,156               |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.  |    |                          |
| Gross capital assets at historical cost  | \$ | 8,745,831                |
| Accumulated depreciation   |    | <u>(4,312,122)</u>       |
| Deferred outflows of resources related to pensions are not reported in the funds   |    | 660,600                  |
| Deferred outflows of resources related to OPEB are not reported in the funds   |    | 180,482                  |
| Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows or resources. |    |                          |
|  |    | 8,266                    |
| Earned revenues considered deferred inflows of resources in fund statements.   |    |                          |
|  |    | 46,955                   |
| Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.  |    |                          |
| Compensated absences   |    | (140,613)                |
| Net pension liability  |    | (963,924)                |
| Total OPEB liability   |    | (727,105)                |
| Total pension liability  |    | (278,113)                |
| Deferred inflows of resources related to pensions are not reported in the funds  |    | (155,675)                |
| Deferred inflows of resources related to OPEB are not reported in the funds  |    | <u>(304,543)</u>         |
| Net position of governmental activities  | \$ | <u><u>12,907,195</u></u> |

Town of Erwin, North Carolina  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
For the Year Ended June 30, 2024

Exhibit 4

|   | Major Funds         |                                    |                                 |                                  |                     | Total<br>Governmental<br>Funds |
|---|---------------------|------------------------------------|---------------------------------|----------------------------------|---------------------|--------------------------------|
|   | General<br>Fund     | Al Woodall<br>Park<br>Improvements | American<br>Relief<br>Plan fund | Community<br>Enhancement<br>Fund | Non-Major<br>Funds  |                                |
| <b>Revenues</b>                         |                     |                                    |                                 |                                  |                     |                                |
| Ad valorem taxes                        | \$ 1,779,355        | \$ -                               | \$ -                            | \$ -                             | \$ -                | \$ 1,779,355                   |
| Other taxes and licenses                | 377,721             | -                                  | -                               | -                                | -                   | 377,721                        |
| Unrestricted intergovernmental          | 1,386,956           | -                                  | -                               | -                                | -                   | 1,386,956                      |
| Restricted intergovernmental            | 168,962             | -                                  | 649,456                         | -                                | 1,123,114           | 1,941,532                      |
| Permits and fees                        | 16,710              | -                                  | -                               | -                                | -                   | 16,710                         |
| Sales and services                      | 671,054             | -                                  | -                               | 24,373                           | -                   | 695,427                        |
| Other revenues                          | 263,896             | 29,000                             | -                               | 10,670                           | 6,200               | 309,766                        |
| Total revenues                          | <u>4,664,654</u>    | <u>29,000</u>                      | <u>649,456</u>                  | <u>35,043</u>                    | <u>1,129,314</u>    | <u>6,507,467</u>               |
| <b>Expenditures</b>                     |                     |                                    |                                 |                                  |                     |                                |
| Current:                                |                     |                                    |                                 |                                  |                     |                                |
| General government                      | 667,602             | -                                  | 149,374                         | -                                | -                   | 816,976                        |
| Public safety                           | 1,297,815           | -                                  | 324,728                         | -                                | -                   | 1,622,543                      |
| Transportation                          | 609,387             | -                                  | -                               | -                                | -                   | 609,387                        |
| Public works                            | 255,294             | -                                  | 110,408                         | -                                | -                   | 365,702                        |
| Environmental protection                | 434,755             | -                                  | -                               | -                                | -                   | 434,755                        |
| Economic development                    | -                   | -                                  | -                               | -                                | 109                 | 109                            |
| Cultural and recreation                 | 447,421             | -                                  | 64,946                          | -                                | 111,864             | 624,231                        |
| Total expenditures                      | <u>3,712,274</u>    | <u>-</u>                           | <u>649,456</u>                  | <u>-</u>                         | <u>111,973</u>      | <u>4,473,703</u>               |
| Revenues over<br>(under) expenditures   | <u>952,380</u>      | <u>29,000</u>                      | <u>-</u>                        | <u>35,043</u>                    | <u>1,017,341</u>    | <u>2,033,764</u>               |
| <b>Other financing sources (uses):</b>  |                     |                                    |                                 |                                  |                     |                                |
| Transfers from other funds              | 16,000              | -                                  | -                               | (16,000)                         | -                   | -                              |
| Total other financing<br>sources (uses) | <u>16,000</u>       | <u>-</u>                           | <u>-</u>                        | <u>(16,000)</u>                  | <u>-</u>            | <u>-</u>                       |
| Net change in fund balance              | 968,380             | 29,000                             | -                               | 19,043                           | 1,017,341           | 2,033,764                      |
| Fund balances, beginning                | <u>4,931,750</u>    | <u>415,173</u>                     | <u>-</u>                        | <u>2,735,074</u>                 | <u>31,395</u>       | <u>8,113,392</u>               |
| Fund balances, ending                   | <u>\$ 5,900,130</u> | <u>\$ 444,173</u>                  | <u>\$ -</u>                     | <u>\$ 2,754,117</u>              | <u>\$ 1,048,736</u> | <u>\$ 10,147,156</u>           |

Town of Erwin, North Carolina  
**Reconciliation of the Statement of Revenues, Expenditures,  
and Changes in Fund Balance to the Statement of Activities**  
**Governmental Funds**  
For the Year Ended June 30, 2024

Exhibit 4,  
Continued

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

|  |    |                         |
|--|----|-------------------------|
| Net changes in fund balances - total governmental funds  | \$ | 2,033,764               |
| <p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p> |    |                         |
| Capital outlay expenditures that were capitalized  |    | 591,734                 |
| Depreciation expense for Governmental assets   |    | (442,277)               |
| <p>Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities</p>  |    |                         |
|  |    | 179,287                 |
| <p>Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities</p>  |    |                         |
|  |    | 18,348                  |
| <p>OPEB Benefit payments paid and administrative expense made in the current year are not included on the Statement of Activities</p>  |    |                         |
|  |    | 24,836                  |
| <p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>  |    |                         |
| Change in unavailable revenue for tax revenues   |    | 20,317                  |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>   |    |                         |
| Compensated absences   |    | (34,266)                |
| Pension expenses   |    | (20,663)                |
| Other postemployment benefits expenses   |    | (39,975)                |
| Net pension obligation   |    | <u>(258,538)</u>        |
| Total changes in net position of governmental activities.  | \$ | <u><u>2,072,567</u></u> |

Town of Erwin, North Carolina  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**General Fund Budget and Actual**  
For the Year Ended June 30, 2024

Exhibit 5

|  | General Fund     |                  |                     | Variance With<br>Final Budget -<br>Positive<br>(Negative) |
|--|------------------|------------------|---------------------|---|
|  | Original         | Final            | Actual<br>Amounts   |   |
| <b>Revenues:</b>                       |                  |                  |                     |   |
| Ad valorem taxes                       | \$ 1,679,995     | \$ 1,748,795     | \$ 1,779,355        | \$ 30,560   |
| Other taxes and licenses               | 332,500          | 362,000          | 377,721             | 15,721  |
| Unrestricted intergovernmental         | 1,039,439        | 1,066,213        | 1,386,956           | 320,743   |
| Restricted intergovernmental           | 150,000          | 244,115          | 168,962             | (75,153)  |
| Permits and fees                       | -                | 15,200           | 16,710              | 1,510   |
| Sales and services                     | 519,470          | 650,582          | 671,054             | 20,472  |
| Other revenues                         | 262,412          | 148,068          | 263,896             | 115,828   |
| Total revenues                         | <u>3,983,816</u> | <u>4,234,973</u> | <u>4,664,654</u>    | <u>429,681</u>  |
| <b>Expenditures:</b>                   |                  |                  |                     |   |
| Current:                               |                  |                  |                     |   |
| General government                     | 1,008,657        | 884,706          | 667,602             | 217,104   |
| Public safety                          | 1,725,234        | 1,411,239        | 1,297,815           | 113,424   |
| Transportation                         | 671,508          | 660,599          | 609,387             | 51,212  |
| Public works                           | 163,542          | 271,253          | 255,294             | 15,959  |
| Environmental protection               | 487,733          | 514,087          | 434,755             | 79,332  |
| Cultural and recreation                | 576,598          | 590,089          | 447,421             | 142,668   |
| Total expenditures                     | <u>4,633,272</u> | <u>4,331,973</u> | <u>3,712,274</u>    | <u>619,699</u>  |
| Revenues over (under) expenditures     | <u>(649,456)</u> | <u>(97,000)</u>  | <u>952,380</u>      | <u>1,049,380</u>  |
| <b>Other financing sources (uses):</b> |                  |                  |                     |   |
| Transfers from other funds             | 649,456          | 16,000           | 16,000              | -   |
| Fund balance appropriated              | -                | 81,000           | -                   | (81,000)  |
| Total other financing sources (uses)   | <u>649,456</u>   | <u>97,000</u>    | <u>16,000</u>       | <u>(81,000)</u>   |
| Net Change in Fund Balance             | <u>\$ -</u>      | <u>\$ -</u>      | 968,380             | <u>\$ 968,380</u>   |
| Fund balances, beginning               |                  |                  | <u>4,931,750</u>    |   |
| Fund balances, ending                  |                  |                  | <u>\$ 5,900,130</u> |   |

Town of Erwin, North Carolina  
**Statement of Revenues, Expenditures, and Changes in Fund Balance -**  
**Community Enhancement Fund Budget and Actual**  
For the Year Ended June 30, 2024

Exhibit 5

|  | Community Enhancement Fund |                 |                     | Variance With<br>Final Budget -<br>Positive<br>(Negative) |
|--|----------------------------|-----------------|---------------------|---|
|  | Original                   | Final           | Actual<br>Amounts   |   |
| <b>Revenues:</b>                       |                            |                 |                     |   |
| Ad valorem taxes                       | \$ -                       | \$ -            | \$ -                | \$ -  |
| Other taxes and licenses               | -                          | -               | -                   | -   |
| Unrestricted intergovernmental         | -                          | -               | -                   | -   |
| Restricted intergovernmental           | -                          | -               | -                   | -   |
| Permits and fees                       | -                          | -               | -                   | -   |
| Sales and services                     | 10,000                     | 10,000          | 24,373              | 14,373  |
| Other revenues                         | -                          | -               | 10,670              | 10,670  |
| Total revenues                         | <u>10,000</u>              | <u>10,000</u>   | <u>35,043</u>       | <u>25,043</u>   |
| <b>Expenditures:</b>                   |                            |                 |                     |   |
| Current:                               |                            |                 |                     |   |
| General government                     | -                          | -               | -                   | -   |
| Public safety                          | -                          | -               | -                   | -   |
| Transportation                         | -                          | -               | -                   | -   |
| Public works                           | -                          | -               | -                   | -   |
| Environmental protection               | -                          | -               | -                   | -   |
| Cultural and recreation                | -                          | -               | -                   | -   |
| Total expenditures                     | <u>-</u>                   | <u>-</u>        | <u>-</u>            | <u>-</u>  |
| Revenues over (under) expenditures     | <u>10,000</u>              | <u>10,000</u>   | <u>35,043</u>       | <u>25,043</u>   |
| <b>Other financing sources (uses):</b> |                            |                 |                     |   |
| Transfers from other funds             | -                          | -               | -                   | -   |
| Transfers to other funds               | (10,000)                   | (16,000)        | (16,000)            | -   |
| Fund balance appropriated              | -                          | 6,000           | -                   | (6,000)   |
| Total other financing sources (uses)   | <u>(10,000)</u>            | <u>(10,000)</u> | <u>(16,000)</u>     | <u>(6,000)</u>  |
| Net Change in Fund Balance             | <u>\$ -</u>                | <u>\$ -</u>     | 19,043              | <u>\$ 19,043</u>  |
| Fund balances, beginning               |                            |                 | <u>2,735,074</u>    |   |
| Fund balances, ending                  |                            |                 | <u>\$ 2,754,117</u> |   |

TOWN OF ERWIN

ERWIN, NORTH CAROLINA

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TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2024

**NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

The Town of Erwin (the Town) is a municipal corporation that is governed by an elected mayor and a six-member council.

**B. Basis of Presentation**

*Government-wide Statements:* The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The Town does not have any business-type activities.

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

*Fund Financial Statements:* The fund financial statements provide information about the Town's funds. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as nonmajor funds. The Town does not have any proprietary funds. The Town does not have any fiduciary funds to report.

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 of the general government except those required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, sanitation services and cultural and recreation.

**Al Woodall Park Improvement Capital Project** - This fund was created for the capital project activity within the parks and recreation facilities.

**American Relief Plan Grant Project Fund** – Which reports the activity of American Relief Plan Act funding received.

**Community Enhancement Fund** - This fund was created from the sale proceeds of the Town's water and sewer system. Earnings and cell tower lease will be accumulated and expended for community enhancement projects within the Town.

The Town reports the following non-major governmental funds:

**SCIF Grant Community Building Capital Project** - This fund is used to account for grant funds and local donations for the improvement of the community building.

**SCIF Grant Woodall Park Parking Lot Capital Project** - This fund was created for the park improvements and expansion area within the parks and recreation facilities.

**Priebe Field Capital Project** - This fund is used to account for grant funds and local donations for the improvement of a Town recreation park.

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2024

***SCIF Grant Eco-Denim Junction Capital Project*** - This fund is used to account for grant funds and local donations for the improvement of land owned by the Town.

***Harnett County Recreation Parks Capital Project*** - This fund is used to account for grant funds for the addition of recreation courts at the Town recreation park.

C. Measurement Focus and Basis of Accounting

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

*Government-wide Financial Statements.* The government-wide financial statements are reported using the economic resources measurement focus. The government-wide 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, entitlements, 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.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under leases and IT subscriptions 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 a 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 beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Erwin because the tax is levied by Harnett County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and the Community Enhancement Fund. All annual appropriations lapse at fiscal year-end. Project ordinances are adopted for the Capital Project Funds. 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



TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2024

and at the project level for the multi year funds. The Town manager is authorized by the budget ordinance to transfer appropriations between functional areas within a fund up to 5 percent of the appropriated monies for the department where the allocation is reduced; however, any revisions that alter the total expenditures of any fund or exceed the 5 percent limitation must be approved the governing board. During the year, several amendments to the original budget were necessary.

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

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

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

In accordance with State law, the Town has invested in securities which are callable and which provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

Cash and Cash Equivalents - The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Cash - Powell Bill funds are classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. ARPA and SCIF grant funds provided the grant funding in advance of the related expenditures, all unspent cash is restricted. Controlled substance tax and other forfeiture funds are held as restricted until expended for that purpose.

|                               |    |                  |
|-------------------------------|----|------------------|
| Governmental Activities       |    |                  |
| General Fund                  |    |                  |
| Streets                       | \$ | 232,642          |
| ARPA Funding                  |    | 91,409           |
| SCIF Grant                    |    | 965,870          |
| Public Safety                 |    | 3,595            |
| Total Governmental Activities | \$ | <u>1,293,516</u> |

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 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2023. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowance 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.

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2024

Lease Receivable - The Town's lease receivable is measured at the present value of lease payments expected to be received during the lease term. Under the lease agreement, the Town may receive variable lease payments that are dependent upon the lessee's revenue. The variable payments are recorded as an inflow of resources in the period the payment is received.

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

Inventory - The Town does not maintain any inventories.

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

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

| <u>Asset Class</u>    | <u>Estimated<br/>Useful Lives</u> |
|-----------------------|-----------------------------------|
| Infrastructure        | 30                                |
| Buildings             | 40                                |
| Other Improvements    | 20                                |
| Motor Vehicles        | 5                                 |
| Equipment & Furniture | 10                                |
| Plant Assets          | 50                                |

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

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

In the fund financial statements for governmental fund types, the face amount of debt issued is reported as other financing sources.

Compensated Absences - The vacation policy of the Town provides for the accumulation of up to thirty (30) days earned vacation leave with such leave being fully vested when earned. For the Town's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first in-first out method of using accumulated compensated time. The current portion of the accumulated vacation pay is not considered to be material; therefore, no expenditure or liability has been reported in the government wide.

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The Town's sick leave policy provide 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. Since the Town does not have any obligation for the accumulated sick leave until it is taken, no accrual for sick leave has been made.

Net Position/Fund Balances

Net Position - Net position in government-wide fund financial statements is 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.

**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 that is restricted by the funding source, which provides the Town with a portion of drug seizure money.

**Restricted for Cultural and Recreation** – portion of fund balance resulting in unspent grant funds for use at the Town's parks.

**Restricted for Cultural and Recreation** – portion of fund balance resulting in unspent grant funds for use in renovating an old mill.

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

Committed for Cultural and Recreation – portion of fund balance committed by the Board for parks and recreation expenditures.

Capital Projects – portion of fund balance committed by the Board for capital improvements.

Assigned fund balance – portion of fund balance that Town of Erwin 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 governing body approves the appropriation and any modifications to the original budget.

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

The Town of Erwin adheres to the North Carolina Local Government Commission’s recommendation of a minimum fund balance for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance does not go below eight percent of budgeted expenditures. Any portion of the general fund balance in excess of 8% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

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

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Significant Violations of Finance-Related Legal and Contractual Provisions

1. Noncompliance with N.C. General Statutes

None.

2. Contractual Violations

None.

B. Deficit in Fund Balance or Net Position of Individual Funds

None.

C. Excess of Expenditures over Appropriations

None.

TOWN OF ERWIN, NORTH CAROLINA  
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**NOTE 3: DETAIL NOTES ON ALL FUNDS**

**A. Assets**

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 these units' names. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their 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 undercollateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2024, the Town's deposits had a carrying amount of \$5,472,282 and a bank balance of \$5,852,123. Of the bank balance, \$3,804,118 was covered by pledge securities, \$250,000 was covered by federal depository insurance and the remainder was covered under the pooling method or pledged assets by the financial institution. At June 30, 2024, the Town's petty cash fund totaled \$200.

Investments

At June 30, 2024 the Town had \$4,484,551 invested in the North Carolina Capital Management Trust Government Portfolio which carried a credit rating of AAAm by Standard and Poor's and AAAm-mf by Moody's Investors Service. The Town had no policy regarding credit risk of its investments.

Receivables – Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position is net of the following allowance for doubtful accounts:

| Fund             | June 30, 2024 |
|------------------|---------------|
| General Fund     |               |
| Taxes Receivable | \$ 15,000     |
| Total            | \$ 15,000     |

Lease Receivable

In March 2019, the Town amended the lease agreement for the lease of real estate used for a cell tower. Under the lease, the vendor pays the Town \$1,992 per month for sixty months in exchange for right to the land. On the annual anniversary date, the payment is increased by 3%. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 5.50%, which is the stated rate in the agreement. There is an optional 60 month extension of the lease agreement which management believes is reasonably certain to be exercised. Final lease payment based on the extended period of time is February 2029.

In fiscal year 2024, the Town recognized \$24,373 of lease revenue and \$8,852 of interest revenue under the lease.

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Capital Assets

Capital asset activity for the year ended June 30, 2024, was as follows:

|  | <u>Beginning</u><br><u>Balances</u> | <u>Increases</u>  | <u>Decreases</u>    | <u>Ending</u><br><u>Balances</u> |
|--|-------------------------------------|-------------------|---------------------|----------------------------------|
| <b>Governmental Activities:</b>                    |                                     |                   |                     |                                  |
| <b>Capital Assets not Being Depreciated:</b>       |                                     |                   |                     |                                  |
| Land   | \$ 191,207                          | \$ -              | \$ -                | \$ 191,207                       |
| Construction in Progress                           | 659,534                             | 107,135           | (642,547)           | 124,122                          |
| Total Capital Assets not Being Depreciated:        | <u>850,741</u>                      | <u>107,135</u>    | <u>(642,547)</u>    | <u>315,329</u>                   |
| <b>Capital Assets Being Depreciated:</b>           |                                     |                   |                     |                                  |
| Buildings  | 2,653,261                           | 6,800             | -                   | 2,660,061                        |
| Equipment  | 1,008,746                           | 120,472           | -                   | 1,129,218                        |
| Vehicles and Motor Equipment                       | 1,898,743                           | 357,327           | (105,752)           | 2,150,318                        |
| Infrastructure                                     | 1,490,225                           | 642,547           | -                   | 2,132,772                        |
| Land Improvements                                  | 333,675                             | -                 | -                   | 333,675                          |
| Furniture  | 24,458                              | -                 | -                   | 24,458                           |
| Total Capital Assets Being Depreciated:            | <u>7,409,108</u>                    | <u>1,127,146</u>  | <u>(105,752)</u>    | <u>8,430,502</u>                 |
| <b>Less Accumulated Depreciation</b>               |                                     |                   |                     |                                  |
| Buildings  | 1,270,762                           | 75,496            | -                   | 1,346,258                        |
| Equipment  | 1,000,399                           | 128,819           | -                   | 1,129,218                        |
| Vehicles and Motor Equipment                       | 1,179,998                           | 127,744           | (105,752)           | 1,201,990                        |
| Infrastructure                                     | 393,568                             | 104,399           | -                   | 497,967                          |
| Land Improvements                                  | 106,412                             | 5,819             | -                   | 112,231                          |
| Furniture  | 24,458                              | -                 | -                   | 24,458                           |
| Total Accumulated Depreciation                     | <u>3,975,597</u>                    | <u>\$ 442,277</u> | <u>\$ (105,752)</u> | <u>4,312,122</u>                 |
| <b>Total Capital Assets Being Depreciated, net</b> | <u>3,433,511</u>                    |                   |                     | <u>4,118,380</u>                 |
| <b>Governmental Activity Capital Assets, net</b>   | <u>\$ 4,284,252</u>                 |                   |                     | <u>\$ 4,433,709</u>              |

**Primary Government**

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

|                            |                   |
|----------------------------|-------------------|
| General Government         | \$ 49,460         |
| Public Safety              | 84,916            |
| Transportation             | 173,099           |
| Cultural & Recreational    | 134,802           |
| Total Depreciation Expense | <u>\$ 442,277</u> |

**B. Liabilities**

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

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

*Contributions.* Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Erwin employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Erwin's contractually required contribution rate for the year ended June 30, 2024, was 14.04% of compensation for law enforcement officers and 12.93% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Erwin were \$179,287 for the year ended June 30, 2024.

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

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

At June 30, 2024, the Town reported a liability of \$963,924 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023 (measurement date), the Town's proportion was 0.01455%, which was a decrease of 0.00104% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the Town recognized pension expense of \$258,538. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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|   | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|---|---|--|
| Differences between expected and actual experience  | \$ 107,410                                    | \$ 2,312                                 |
| Changes of assumptions  | 40,961  | -  |
| Net difference between projected and actual earnings on pension plan investments                          | 257,988                                       | -  |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 18,982  | 42,720                                   |
| Town contributions subsequent to the measurement date   | 179,287                                       | -  |
| Total   | \$ 604,628                                    | \$ 45,032                                |

\$179,287 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 liability in the year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

|      |            |
|------|------------|
| 2025 | \$ 136,844 |
| 2026 | 69,305     |
| 2027 | 163,251    |
| 2028 | 10,909     |
|      | \$ 380,309 |

*Actuarial Assumptions.* The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                           |   |
|---------------------------|---|
| Inflation                 | 2.50 percent  |
| Salary increases          | 3.25 to 8.05 percent, including inflation and productivity factor         |
| Investment rate of return | 6.50 percent, net of pension plan investment expense, including inflation |

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2023 are summarized in the following table:



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| <u>Asset Class</u>   | <u>Target Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return</u> |
|----------------------|--------------------------|---|
| Fixed Income         | 33.0%                    | 0.9%  |
| Global Equity        | 38.0%                    | 6.5%  |
| Real Estate          | 8.0%                     | 5.9%  |
| Alternatives         | 8.0%                     | 8.2%  |
| Credit               | 7.0%                     | 5.0%  |
| Inflation Protection | 6.0%                     | 2.7%  |
| Total                | <u>100%</u>              |   |

The information above is based on 30-year expectations developed with the consulting actuary for the 2023 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.50%. All rates of return and inflation are annualized.

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

*Sensitivity of the Town's proportionate share of the net pension 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:

|   | <u>1% Decrease<br/>(5.50%)</u> | <u>Discount Rate<br/>(6.50%)</u> | <u>1% Increase<br/>(7.50%)</u> |
|---|--------------------------------|----------------------------------|--------------------------------|
| Town's proportionate share of the net pension liability (asset) | \$ 1,669,961                   | \$ 963,924                       | \$ 382,649                     |

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

b. Law Enforcement Officers Special Separation Allowance

*Plan Description.* The Town of Erwin 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.

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All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2022, the Separation Allowance's membership consisted of:

|   |    |
|---|----|
| Inactive members currently receiving benefits | 1  |
| Active plan members                           | 11 |
| Total   | 12 |

Summary of Significant Accounting Policies:

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

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

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2022 valuation. The total pension liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

|                            |  |
|----------------------------|--|
| Discount rate              | 4.00%  |
| Projected salary increases | 3.25 - 7.75 percent, including inflation and productivity factor |
| Includes inflation at      | 2.50 percent   |

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate Index.

All mortality rates use Pub-2010 amount-weighted tables. All mortality rates are projected from 2010 using generational improvement with Scale MP-2020.

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 \$18,348 as benefits came due for the reporting period.

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

At June 30, 2024, the Town reported a total pension liability of \$278,113. 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, 2024, the Town recognized pension expense of \$20,663.

|  | <b>Deferred<br/>Outflows of<br/>Resources</b> | <b>Deferred Inflows<br/>of Resources</b> |
|--|---|--|
| Differences between expected and actual experience                               | \$ 12,252                                     | \$ 74,251                                |
| Changes of assumptions and other inputs  | 34,546  | 36,392                                   |
| Benefit payments and administrative expenses subsequent to the measurement date. | 9,174   | -  |
| Total  | \$ 55,972                                     | \$ 110,643                               |

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\$9,174 paid as benefits came due and \$0 of administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended June 30:</b> |             |
|----------------------------|-------------|
| 2025                       | \$ (7,549)  |
| 2026                       | (13,298)    |
| 2027                       | (18,012)    |
| 2028                       | (11,276)    |
| 2029                       | (9,794)     |
| Thereafter                 | (3,916)     |
|                            | \$ (63,845) |

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 4.00 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 (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

|                         | <b>1% Decrease<br/>(3.00%)</b> | <b>Discount Rate<br/>(4.00%)</b> | <b>1% Increase<br/>(5.00%)</b> |
|-------------------------|--------------------------------|----------------------------------|--------------------------------|
| Total Pension Liability | \$ 306,070                     | \$ 278,113                       | \$ 253,356                     |

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

|  | <b>2024</b> |
|--|-------------|
| Beginning balance  | \$ 330,004  |
| Service Cost   | 15,150      |
| Interest on the total pension liability  | 13,831      |
| Changes of benefit terms   | -           |
| Differences between expected and actual experience in the measurement of the total pension liability | (70,049)    |
| Changes of assumptions or other inputs   | 7,369       |
| Benefit payments   | (18,192)    |
| Other changes  | -           |
| Ending balance of the total pension liability  | \$ 278,113  |

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, 2022 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees Retirement System for the five-year period ending December 31, 2019.

TOWN OF ERWIN, NORTH CAROLINA  
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***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  | \$ 258,538 | \$ 20,663 | \$ 279,201 |
| Pension Liability  | 963,924    | 278,113   | 1,242,037  |
| Proportionate share of the net pension liability   | 0.01455%   | N/A       |            |
| <b>Deferred of Outflows of Resources</b>   |            |           |            |
| Differences between expected and actual experience   | 107,410    | 12,252    | 119,662    |
| Changes of assumptions   | 40,961     | 34,546    | 75,507     |
| Net difference between projected and actual earnings on plan investments                             | 257,988    | -         | 257,988    |
| Changes in proportion and differences between contributions and proportionate share of contributions | 18,982     | -         | 18,982     |
| Benefit payments and administrative costs paid subsequent to the measurement date                    | 179,287    | 9,174     | 188,461    |
| <b>Deferred of Inflows of Resources</b>  |            |           |            |
| Differences between expected and actual experience   | 2,312      | 74,251    | 76,563     |
| Changes of assumptions   | -          | 36,392    | 36,392     |
| Net difference between projected and actual earnings on plan investments                             | -          | -         | -          |
| Changes in proportion and differences between contributions and proportionate share of contributions | 42,720     | -         | 42,720     |

**c. Supplemental Retirement Income Plan**

*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 all qualifying employees 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 Town also contributes on behalf of all other employees. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes 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 law enforcement officer's salary, and all amounts contributed are vested immediately. For all other plan members, the Town contributes two percent. Also, plan members may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024 were \$110,747, which consisted of \$66,110 from the Town and \$44,637 from employees.

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2024

d. Other Post Employment Benefits

Healthcare 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 Plan provides postemployment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees’ Retirement System (System) and who retire with 20 years of service and are over sixty years of age, the Town pays 50% of the cost of coverage. For employees who retire with 25 years of service, regardless of their age, the Town pays 75% of the cost of coverage. For employees who retire with 30 years of service, the Town pays the full cost of coverage for those benefits. The Town pays the full cost of coverage for employees’ benefits through private insurers and employees have the option of purchasing dependent coverage at the Town’s group rates. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The Town Council may amend the benefit provision. A separate report was not issued for the plan. New employees are not eligible for this benefit regardless of their years of service.

Membership of the HCB Plan consisted of the following at June 30, 2022, the date of the latest actuarial valuation:

|   | <u>General<br/>Employees</u> | <u>Law<br/>Enforcement<br/>Employees</u> |
|---|------------------------------|--|
| Retirees receiving benefits   | -                            | 1  |
| Terminated plan members entitled<br>to but not yet receiving benefits | -                            | -  |
| Active plan members   | <u>12</u>                    | <u>11</u>                                |
| Total   | <u>12</u>                    | <u>12</u>                                |

Total OPEB Liability

The Town’s total OPEB liability of \$727,105 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

|   |  |
|---|--|
| Inflation                                     | 2.50%  |
| Salary increases                              |  |
| General Employees                             | 3.25% to 8.41%   |
| Law Enforcement Employees                     | 3.25% to 7.90%   |
| Discount rate                                 | 3.54%  |
| Healthcare cost trend rates                   |  |
| Pre-Medicare Medical and<br>Prescription Drug | 7.00 percent for 2022 decreasing to an ultimate rate of<br>4.50% by 2032 |

The Town selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2024

Changes in the Total OPEB Liability

| <u>Total Changes in OPEB Liability</u>             | <u>Total OPEB Liability</u> |
|--|-----------------------------|
| Balance at June 30, 2023                           | \$ 720,572                  |
| Changes for the year                               |                             |
| Service cost                                       | 19,099                      |
| Interest   | 25,749                      |
| Change in benefit terms                            | -                           |
| Differences between expected and actual experience | (6,171)                     |
| Changes in assumptions or other inputs             | (7,308)                     |
| Benefit payments                                   | <u>(24,836)</u>             |
| Net changes  | 6,533                       |
| Balance at June 30, 2024                           | <u>\$ 727,105</u>           |

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54% to 3.65%.

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

*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 (2.65 percent) or 1-percentage-point higher (4.65 percent) than the current discount rate:

|                      | <u>1% Decrease</u> | <u>Discount Rate (3.65%)</u> | <u>1% Increase</u> |
|----------------------|--------------------|------------------------------|--------------------|
| Total OPEB Liability | \$ 797,067         | \$ 727,105                   | \$ 664,776         |

*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:

|                      | <u>1% Decrease</u> | <u>Current</u> | <u>1% Increase</u> |
|----------------------|--------------------|----------------|--------------------|
| Total OPEB Liability | \$ 652,794         | \$ 727,105     | \$ 815,201         |

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

For the year ended June 30, 2024, the Town recognized OPEB expense of \$33,371. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|   | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|---|---------------------------------------|--------------------------------------|
| Differences between expected and actual experience  | \$ 108,056                            | \$ 226,653                           |
| Changes of assumptions  | 67,176                                | 77,890                               |
| Benefit payments made and administrative expenses for OPEB made subsequent to the measurement date. | 5,250                                 | -                                    |
| Total   | <u>\$ 180,482</u>                     | <u>\$ 304,543</u>                    |

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2024

\$5,250 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended June 30:</b> |                     |
|----------------------------|---------------------|
| 2025                       | \$ (15,737)         |
| 2026                       | (15,737)            |
| 2027                       | (14,632)            |
| 2028                       | (12,591)            |
| 2029                       | (13,468)            |
| Thereafter                 | (57,146)            |
|                            | <u>\$ (129,311)</u> |

**2. Other Employment Benefit**

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 employees' 12 highest months salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

**3. Deferred Outflows and Inflows of Resources**

Deferred outflows of resources are comprised of the following:

| Source  | Amount     |
|---|------------|
| Contributions to pension plan in current fiscal year  | \$ 179,287 |
| Benefit payments made and administrative expenses for LEOSSA made subsequent to the measurement date.         | 9,174      |
| Benefit payments made and administrative expenses for OPEB made subsequent to the measurement date.           | 5,250      |
| Differences between expected and actual experience  | 227,718    |
| Changes of assumptions  | 142,683    |
| Net difference between projected and actual earnings on investments   | 257,988    |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 18,982     |
| Total   | \$ 841,082 |

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2024

Deferred inflows of resources are comprised of the following:

|   | Statement of<br>Net Position | Balance Sheet |
|---|------------------------------|---------------|
| Prepaid taxes (General Fund)  | \$ 41                        | \$ 41         |
| Taxes Receivable (General Fund)   | -                            | 46,955        |
| Lease Receivable (Community Enhancement Fund)   | 115,773                      | 115,773       |
| Differences between expected and actual experience  | 303,216                      | -             |
| Net difference between projected and actual earnings on pension plan investments                              | -                            | -             |
| Changes of assumptions  | 114,282                      | -             |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | 42,720                       | -             |
| Total   | \$ 576,032                   | \$ 162,769    |

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has insurance coverage through the Travelers Insurance Company and obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage.

The Town carries commercial coverage for all other 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 has obtained flood insurance for areas subject to flooding.

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 and tax collector are each individually bonded for \$80,000 and \$10,000, respectively. Two remaining clerks are bonded for \$10,000 each.

5. Claims, Judgments and Contingent Liabilities

At June 30, 2024, the Town was a defendant to various lawsuits. In the opinion of Town's management and the Town Attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

6. Long-Term Obligations

Changes in Long Term Liabilities

|                               | Beginning<br>Balance | Increases  | Decreases    | Ending<br>Balance | Current<br>Portion<br>of Balance |
|-------------------------------|----------------------|------------|--------------|-------------------|----------------------------------|
| Governmental Activities:      |                      |            |              |                   |                                  |
| Net Pension Liability(LGERS)  | \$ 879,499           | \$ 84,425  | \$ -         | \$ 963,924        | \$ -                             |
| Total Pension Obligation(LEO) | 330,004              | -          | (51,891)     | 278,113           | -                                |
| OPEB Obligation               | 720,572              | 6,533      | -            | 727,105           | -                                |
| Compensated Absences          | 106,347              | 110,300    | (76,034)     | 140,613           | 76,034                           |
| Total Governmental Activities | \$ 2,036,422         | \$ 201,258 | \$ (127,925) | \$ 2,109,755      | \$ 76,034                        |

The legal debt margin of the Town at June 30, 2024 was \$29,265,781.



TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2024

C. Interfund Balances and Activity

Balances due to/from other funds at June 30, 2024, consist of the following:

| Receivable Fund              | Payable Fund | Amount     |
|------------------------------|--------------|------------|
| Community Enhancement Fund   | General Fund | \$ 120,732 |
| Harnett County Recreation    |              |            |
| Courts Capital Project       | General Fund | 50,000     |
| A1 Woodard Park Improvements | General Fund | 2,193      |
|                              |              | \$ 172,925 |

The above due to/from transaction was the result of common usage of the central depository account when the Community Enhancement Fund upfronts funding for capital projects until grant reimbursements are received. The Town is in the process of clearing out these accounts and has sent the board a plan to pay the amount back.

Transfers to/from Funds at June 30, 2024, consist of the following:

|                                 |                  |
|---------------------------------|------------------|
| From Community Enhancement Fund |                  |
| To General Fund                 | \$ <u>16,000</u> |
|                                 | \$ <u>16,000</u> |

The above transfer to the General Fund was for two designated expenses paid by the General Fund.

D. Fund Balance

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

|  |                    |
|--|--------------------|
| <b>Total fund balance-General Fund</b>             | <b>\$5,900,130</b> |
| <b>Less:</b>                                       |                    |
| Stabilization by State Statute                     | 452,597            |
| Streets - Powell Bill                              | 232,642            |
| Public Safety                                      | 3,595              |
| <b>Appropriated Fund Balance in 2024-25 Budget</b> | <b>-</b>           |
| <b>Remaining Fund Balance</b>                      | <b>5,211,296</b>   |

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 moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

NOTE 5: MANAGEMENT'S REVIEW OF SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 14, 2024, the date which the financial statements were available for issue.

TOWN OF ERWIN

ERWIN, NORTH CAROLINA

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## Required Supplementary Financial Data

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The section contains additional statements required by Governmental Accounting Standards Board.

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Schedule of Changes in Total Pension Liability -

Law Enforcement Officers' Special Separation Allowance

Schedule of Total Pension Liability as a Percentage of Covered Payroll -

Law Enforcement Officers' Special Separation Allowance

Other Postemployment Benefits

Schedule of Funding Progress

Other Postemployment Benefits

Schedule of Employer Contributions

Schedule of Proportionate Share of Net Pension Liability (Asset) Local Government  
Employees' Retirement System

Schedule of Contributions to Local Government Employees' Retirement System

Town of Erwin, North Carolina  
Schedule of Proportionate Share of Net Pension Liability (Asset)  
Required Supplementary Information  
Last Ten Fiscal Years \*

Local Government Employees' Retirement System

|   | 2024        | 2023        | 2022        | 2021        | 2020        | 2019        | 2018       | 2017        | 2016        | 2015         |
|---|-------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|-------------|--------------|
| Town's proportion of the net pension liability (asset) (%)  | 0.01455%    | 0.01559%    | 0.01392%    | 0.01508%    | 0.01519%    | 0.01609%    | 0.01357%   | 0.01517%    | 0.01742%    | 0.01712%     |
| Town's proportion of the net pension liability (asset) (\$)   | \$ 963,924  | \$ 879,499  | \$ 213,477  | \$ 538,873  | \$ 414,827  | \$ 381,710  | \$ 207,312 | \$ 321,958  | \$ 78,180   | \$ (100,963) |
| Town's covered-employee payroll   | \$1,113,858 | \$1,015,534 | \$1,030,223 | \$1,066,415 | \$1,006,350 | \$1,021,420 | \$ 901,037 | \$1,026,190 | \$1,086,966 | \$1,032,372  |
| Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 86.54%      | 86.60%      | 20.72%      | 50.53%      | 41.22%      | 37.37%      | 23.01%     | 31.37%      | 7.19%       | ( 9.78%)     |
| Plan fiduciary net position as a percentage of the total pension liability**                                    | 82.49%      | 84.14%      | 95.51%      | 88.61%      | 90.86%      | 91.63%      | 94.18%     | 91.47%      | 98.09%      | 102.64%      |

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

\*\* This will be the same percentage for all participant employers in the LGERS plan.

Town of Erwin, North Carolina  
Schedule of Contributions  
Required Supplementary Information  
Last Ten Fiscal Years \*

Local Government Employees' Retirement System

|  | 2024        | 2023        | 2022        | 2021        | 2020        | 2019        | 2018        | 2017       | 2016        | 2015      |
|--|-------------|-------------|-------------|-------------|-------------|-------------|-------------|------------|-------------|-----------|
| Contractually required contribution                                  | \$ 179,287  | \$ 140,336  | \$ 118,819  | \$ 108,449  | \$ 99,826   | \$ 81,866   | \$ 80,671   | \$ 68,823  | \$ 71,136   | \$ 78,416 |
| Contributions in relation to the contractually required contribution | 179,287     | 140,336     | 118,819     | 108,449     | 99,826      | 81,866      | 80,671      | 68,823     | 71,136      | 78,416    |
| Contribution deficiency (excess)                                     | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -        | \$ -       | \$ -        | \$ -      |
| Town's covered - employee payroll                                    | \$1,332,705 | \$1,113,858 | \$1,015,534 | \$1,030,223 | \$1,066,415 | \$1,006,350 | \$1,021,420 | \$ 901,037 | \$1,026,190 | 1,086,966 |
| Contributions as a percentage of covered - employee payroll          | 13.45%      | 12.60%      | 11.70%      | 10.53%      | 9.36%       | 8.13%       | 7.90%       | 7.64%      | 6.93%       | 7.21%     |

Town of Erwin, North Carolina  
Schedule of Changes in Total Pension Liability  
Law Enforcement Officers' Special Separation Allowance  
June 30, 2024

|  | 2024              | 2023              | 2022              | 2021              | 2020              | 2019              |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Beginning balance  | \$ 330,004        | \$ 368,597        | \$ 414,983        | \$ 304,626        | \$ 332,188        | \$ 321,589        |
| Service Cost   | 15,150            | 21,810            | 19,637            | 14,433            | 11,100            | 12,962            |
| Interest on the total pension liability  | 13,831            | 8,003             | 7,702             | 9,433             | 11,597            | 9,733             |
| Changes of benefit terms   | -                 | -                 | -                 | -                 | -                 | -                 |
| Differences between expected and actual experience in the measurement of the total pension liability | (70,049)          | 11,318            | (33,155)          | 18,820            | (30,792)          | 26,629            |
| Changes of assumptions or other inputs   | 7,369             | (53,890)          | (8,702)           | 98,234            | 7,703             | (11,555)          |
| Benefit payments   | (18,192)          | (25,834)          | (31,868)          | (30,563)          | (27,170)          | (27,170)          |
| Other changes  | -                 | -                 | -                 | -                 | -                 | -                 |
| Ending balance of the total pension liability  | <u>\$ 278,113</u> | <u>\$ 330,004</u> | <u>\$ 368,597</u> | <u>\$ 414,983</u> | <u>\$ 304,626</u> | <u>\$ 332,188</u> |

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

Town of Erwin, North Carolina  
 Schedule of Total Pension Liability as a Percentage of Covered Payroll  
 Law Enforcement Officers' Special Separation Allowance  
 June 30, 2024

|   | 2024       | 2023       | 2022       | 2021       | 2020       | 2019       |
|---|------------|------------|------------|------------|------------|------------|
| Total pension liability   | \$ 278,113 | \$ 330,004 | \$ 368,597 | \$ 414,983 | \$ 304,626 | \$ 332,188 |
| Covered-employee payroll  | 534,147    | 553,527    | 455,480    | 506,793    | 424,288    | 440,227    |
| Total pension liability as a percentage of covered - employee payroll | 52.07%     | 59.62%     | 80.92%     | 81.88%     | 71.80%     | 75.46%     |

Notes to the schedules:

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

Town of Erwin, North Carolina  
Schedule of Changes in Total Other Postemployment Benefits Liability  
And Related Ratios  
June 30, 2024

|   | 2024       | 2023       | 2022       | 2021       | 2020      |
|---|------------|------------|------------|------------|-----------|
| Total Other Postemployment Benefits (OPEB) Liability    |            |            |            |            |           |
| Service Cost at the end of the year                     | \$ 19,099  | \$ 29,195  | \$ 29,717  | \$ 30,719  | \$ 25,276 |
| Interest on Total OPEB Liability and cash flows         | 25,749     | 15,933     | 15,377     | 33,472     | 29,739    |
| Changes in benefit terms                                | -          | -          | -          | -          | 110,856   |
| Differences between expected and actual experience      | (6,171)    | 57,032     | 8,352      | (346,512)  | (2,468)   |
| Changes of assumptions or other inputs                  | (7,308)    | (75,689)   | 17,340     | 51,448     | 27,306    |
| Benefit payments and implicit subsidy credit            | (24,836)   | (28,515)   | (28,343)   | (28,929)   | (30,157)  |
| Net change in OPEB liability                            | 6,533      | (2,044)    | 42,443     | (259,802)  | 160,552   |
| Total OPEB liability - beginning                        | 720,572    | 722,616    | 680,173    | 939,975    | 779,423   |
| Total OPEB liability - ending                           | \$ 727,105 | \$ 720,572 | \$ 722,616 | \$ 680,173 | 939,975   |
| Covered - employee payroll                              | 984,213    | 984,213    | 1,012,687  | 1,012,687  | 1,006,350 |
| Total OPEB liability as a percentage of covered payroll | 73.88%     | 73.21%     | 71.36%     | 67.17%     | 93.40%    |

Notes to the schedules:

Changes in assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period.

| Fiscal Year | Rate  |
|-------------|-------|
| 2024        | 3.65% |
| 2023        | 3.54% |
| 2022        | 2.16% |
| 2021        | 3.50% |
| 2020        | 3.50% |



## Supplementary Statements

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The section contains additional statements required by the Local Government Commission  
in North Carolina.

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Town of Erwin, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2024

|                                       | <u>Budget</u>    | <u>Actual</u>    | <u>Variance<br/>Positive<br/>(Negative)</u> |
|---------------------------------------|------------------|------------------|---|
| <b>Revenues:</b>                      |                  |                  |   |
| Ad valorem taxes:                     |                  |                  |   |
| Ad valorem taxes                      | \$               | \$ 1,767,274     | \$  |
| Penalties and interest                |                  | 12,081           |   |
| Total                                 | <u>1,748,795</u> | <u>1,779,355</u> | <u>30,560</u>                               |
| Other taxes and licenses:             |                  |                  |   |
| Fire protection charges               |                  | 349,569          |   |
| Auto licenses                         |                  | 28,152           |   |
| Total                                 | <u>362,000</u>   | <u>377,721</u>   | <u>15,721</u>                               |
| Unrestricted intergovernmental:       |                  |                  |   |
| Local option sales taxes              |                  | 1,131,542        |   |
| Gasoline tax refund                   |                  | 11,138           |   |
| Telecommunications tax                |                  | 14,855           |   |
| Utility franchise tax                 |                  | 177,818          |   |
| Piped natural gas                     |                  | 15,040           |   |
| Video franchise fee                   |                  | 10,050           |   |
| Solid Waste Disposal Tax              |                  | 3,607            |   |
| Beer and wine tax                     |                  | 22,906           |   |
| Total                                 | <u>1,066,213</u> | <u>1,386,956</u> | <u>320,743</u>                              |
| Restricted intergovernmental:         |                  |                  |   |
| Powell Bill Allocation                |                  | 167,647          |   |
| Controlled Substance Tax              |                  | 1,315            |   |
| Total                                 | <u>244,115</u>   | <u>168,962</u>   | <u>(75,153)</u>                             |
| Permits and fees:                     |                  |                  |   |
| Business registration fees            |                  | 405              |   |
| Zoning permits                        |                  | 15,995           |   |
| Court fees                            |                  | 310              |   |
| Total                                 | <u>15,200</u>    | <u>16,710</u>    | <u>1,510</u>                                |
| Sales and services:                   |                  |                  |   |
| School Resource Officers              |                  | 84,919           |   |
| Recreation department                 |                  |                  |   |
| Concessions, sponsorships & donations |                  | 22,549           |   |
| Sponsors donations/entry fees         |                  | 44,205           |   |
| Mowing Contract                       |                  | 12,656           |   |
| Collection fees                       |                  | 8,889            |   |
| Garbage and storm water               |                  | 497,836          |   |
| Total                                 | <u>650,582</u>   | <u>671,054</u>   | <u>20,472</u>                               |

Town of Erwin, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2024

|  | Budget           | Actual           | Variance<br>Positive<br>(Negative) |
|--|------------------|------------------|------------------------------------|
| <b>Other Revenues:</b>                         |                  |                  |                                    |
| Investment earnings                            |                  | 200,850          |                                    |
| Sale of capital assets                         |                  | 17,201           |                                    |
| Donations                                      |                  | 21,300           |                                    |
| Miscellaneous                                  |                  | 24,545           |                                    |
| <b>Total Other Revenues</b>                    | <u>148,068</u>   | <u>263,896</u>   | <u>115,828</u>                     |
| <br>   |                  |                  |                                    |
| <b>Total Revenues</b>                          | <u>4,234,973</u> | <u>4,664,654</u> | <u>429,681</u>                     |
| <br>   |                  |                  |                                    |
| <b>Expenditures:</b>                           |                  |                  |                                    |
| <b>General Government:</b>                     |                  |                  |                                    |
| <b>Governing Body:</b>                         |                  |                  |                                    |
| Salaries                                       |                  | 19,800           |                                    |
| Benefits                                       |                  | 1,515            |                                    |
| Other Operating Expenses                       |                  | 16,910           |                                    |
| Capital Outlay                                 |                  | -                |                                    |
| <b>Total Governing Body</b>                    | <u>49,604</u>    | <u>38,225</u>    | <u>11,379</u>                      |
| <br>   |                  |                  |                                    |
| <b>Administration:</b>                         |                  |                  |                                    |
| Salaries                                       |                  | 238,488          |                                    |
| Benefits                                       |                  | 109,682          |                                    |
| Professional Expenses                          |                  | 25,998           |                                    |
| General Insurance                              |                  | 88,101           |                                    |
| Other Operating Expenses                       |                  | 173,864          |                                    |
| Capital Outlay                                 |                  | -                |                                    |
| <b>Total Administration</b>                    | <u>726,320</u>   | <u>636,133</u>   | <u>90,187</u>                      |
| <br>   |                  |                  |                                    |
| <b>Planning:</b>                               |                  |                  |                                    |
| Salaries                                       |                  | 82,131           |                                    |
| Benefits                                       |                  | 32,215           |                                    |
| Contracted Services                            |                  | 23,092           |                                    |
| Other Operating Expenses                       |                  | 5,180            |                                    |
| Capital Outlay                                 |                  | -                |                                    |
| <b>Total Administration</b>                    | <u>258,156</u>   | <u>142,618</u>   | <u>115,538</u>                     |
| <br>   |                  |                  |                                    |
| <b>ARPA Revenue Replacement Expense Offset</b> | <u>(149,374)</u> | <u>(149,374)</u> | <u>-</u>                           |
| <br>   |                  |                  |                                    |
| <b>Total General Government</b>                | <u>884,706</u>   | <u>667,602</u>   | <u>217,104</u>                     |
| <br>   |                  |                  |                                    |
| <b>Public safety:</b>                          |                  |                  |                                    |
| <b>Police:</b>                                 |                  |                  |                                    |
| Salaries                                       |                  | 697,306          |                                    |
| Benefits                                       |                  | 267,659          |                                    |
| Other Operating Expenses                       |                  | 132,795          |                                    |
| Capital Outlay                                 |                  | 169,894          |                                    |
| <b>Total</b>                                   | <u>1,403,467</u> | <u>1,267,654</u> | <u>135,813</u>                     |

Town of Erwin, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2024

|   | Budget           | Actual           | Variance<br>Positive<br>(Negative) |
|---|------------------|------------------|------------------------------------|
| <b>Fire:</b>                            |                  |                  |                                    |
| Contract Services                       |                  | 354,889          |                                    |
| <b>Total</b>                            | <u>332,500</u>   | <u>354,889</u>   | <u>(22,389)</u>                    |
| ARPA Revenue Replacement Expense Offset | (324,728)        | (324,728)        | -                                  |
| <b>Total Public Safety</b>              | <u>1,411,239</u> | <u>1,297,815</u> | <u>113,424</u>                     |
| <b>Streets:</b>                         |                  |                  |                                    |
| Salaries                                |                  | 134,569          |                                    |
| Benefits                                |                  | 53,853           |                                    |
| Other Operating Expenses                |                  | 183,586          |                                    |
| Capital Outlay                          |                  | 40,126           |                                    |
| Powell Bill                             |                  | 255,064          |                                    |
| Contracted Services                     |                  | 640              |                                    |
| ARPA Revenue Replacement Expense Offset |                  | (58,451)         |                                    |
| <b>Total Transportation</b>             | <u>660,599</u>   | <u>609,387</u>   | <u>51,212</u>                      |
| <b>Public works:</b>                    |                  |                  |                                    |
| Administration                          |                  |                  |                                    |
| Salaries                                |                  | 69,770           |                                    |
| Benefits                                |                  | 24,700           |                                    |
| Other Operating Expenses                |                  | 31,206           |                                    |
| Capital Outlay                          |                  | 40,126           |                                    |
| <b>Total Administration</b>             | <u>168,669</u>   | <u>165,802</u>   | <u>2,867</u>                       |
| Storm Water:                            |                  |                  |                                    |
| Other Operating Expenses                |                  | 61,876           |                                    |
| Capital Outlay                          |                  | 79,573           |                                    |
| <b>Total Storm Water</b>                | <u>154,541</u>   | <u>141,449</u>   | <u>13,092</u>                      |
| ARPA Revenue Replacement Expense Offset | (51,957)         | (51,957)         | -                                  |
| <b>Total Public Works</b>               | <u>271,253</u>   | <u>255,294</u>   | <u>15,959</u>                      |
| <b>Environmental protection:</b>        |                  |                  |                                    |
| Sanitation:                             |                  |                  |                                    |
| Other Operating Expenses                |                  | 49,742           |                                    |
| Contracted Services                     |                  | 293,659          |                                    |
| Capital Outlay                          |                  | 91,354           |                                    |
| <b>Total Environmental Protection</b>   | <u>514,087</u>   | <u>434,755</u>   | <u>79,332</u>                      |

Town of Erwin, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2024

|   | <u>Budget</u>    | <u>Actual</u>       | Variance<br>Positive<br>(Negative) |
|---|------------------|---------------------|------------------------------------|
| Culture and recreation:                 |                  |                     |                                    |
| Parks and recreation:                   |                  |                     |                                    |
| Salaries                                |                  | 170,382             |                                    |
| Benefits                                |                  | 53,325              |                                    |
| Contracted Services                     |                  | 39,527              |                                    |
| Other Operating Expenses                |                  | 119,841             |                                    |
| Capital Outlay                          |                  | 63,526              |                                    |
| Total parks and recreation              | <u>574,012</u>   | <u>446,601</u>      | <u>127,411</u>                     |
| Community and library building:         |                  |                     |                                    |
| Contracted Services                     |                  | 61,173              |                                    |
| Other Operating Expenses                |                  | 4,593               |                                    |
| Capital Outlay                          |                  | -                   |                                    |
| Total community and library building    | <u>81,023</u>    | <u>65,766</u>       | <u>15,257</u>                      |
| ARPA Revenue Replacement Expense Offset | <u>(64,946)</u>  | <u>(64,946)</u>     | -                                  |
| Total Culture and Recreation            | <u>590,089</u>   | <u>447,421</u>      | <u>142,668</u>                     |
| Total Expenditures                      | <u>4,331,973</u> | <u>3,712,274</u>    | <u>619,699</u>                     |
| Revenues over (under) expenditures      | <u>(97,000)</u>  | <u>952,380</u>      | <u>1,049,380</u>                   |
| Other Financing Sources (Uses):         |                  |                     |                                    |
| Transfers To/From Other Funds:          |                  |                     |                                    |
| From Community Enhancement              | <u>16,000</u>    | <u>16,000</u>       | -                                  |
| Total Other Financing Sources(Uses)     | <u>16,000</u>    | <u>16,000</u>       | -                                  |
| Fund Balance Appropriated               | <u>81,000</u>    | -                   | <u>(81,000)</u>                    |
| Net Change in Fund Balance              | <u>\$ -</u>      | <u>968,380</u>      | <u>\$ 968,380</u>                  |
| Fund Balances, beginning                |                  | <u>4,931,750</u>    |                                    |
| Fund Balances, ending                   |                  | <u>\$ 5,900,130</u> |                                    |

Town of Erwin, North Carolina  
**Al Woodall Park Improvements Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2024

|   | Project<br>Authorization | Prior<br>Years    | Actual<br>Current<br>Year | Total<br>to Date  | Positive<br>(Negative) |
|---|--------------------------|-------------------|---------------------------|-------------------|------------------------|
| <b>Revenues:</b>                              |                          |                   |                           |                   |                        |
| Restricted Intergovernmental                  |                          |                   |                           |                   |                        |
| Grant   | \$ 339,678               | \$ 321,264        | \$ -                      | \$ 321,264        | \$ (18,414)            |
| Donations                                     | 195,000                  | 57,100            | 29,000                    | 86,100            | (108,900)              |
| Total Revenue                                 | <u>534,678</u>           | <u>378,364</u>    | <u>29,000</u>             | <u>407,364</u>    | <u>(127,314)</u>       |
| <b>Expenditures:</b>                          |                          |                   |                           |                   |                        |
| Capital Outlay                                |                          | 642,547           | -                         | 642,547           |                        |
| Total Expenditures                            | <u>679,356</u>           | <u>642,547</u>    | <u>-</u>                  | <u>642,547</u>    | <u>36,809</u>          |
| Revenues Over(Under)                          |                          |                   |                           |                   |                        |
| Expenditures                                  | <u>(144,678)</u>         | <u>(264,183)</u>  | <u>29,000</u>             | <u>(235,183)</u>  | <u>(90,505)</u>        |
| <b>Other Financing Sources(Uses)</b>          |                          |                   |                           |                   |                        |
| Transfers - In (Out)                          |                          |                   |                           |                   |                        |
| From/(To) Enhancement                         | 144,678                  | 679,356           | -                         | 679,356           | 534,678                |
| Total Other Financing<br>Sources (Uses)       | <u>144,678</u>           | <u>679,356</u>    | <u>-</u>                  | <u>679,356</u>    | <u>534,678</u>         |
| Revenues and Other Sources<br>Over Other Uses | \$ <u>-</u>              | \$ <u>415,173</u> | 29,000                    | \$ <u>444,173</u> | \$ <u>444,173</u>      |
| <b>Fund Balance</b>                           |                          |                   |                           |                   |                        |
| Fund Balances, beginning                      |                          |                   | <u>415,173</u>            |                   |                        |
| Fund Balances, ending                         |                          |                   | <u>\$ 444,173</u>         |                   |                        |

Town of Erwin, North Carolina  
**American Relief Plan Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance-Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2024

|   | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Positive<br>(Negative) |
|---|--------------------------|----------------|---------------------------|------------------|------------------------------------|
| <b>Revenues:</b>                              |                          |                |                           |                  |                                    |
| Restricted Intergovernmental                  |                          |                |                           |                  |                                    |
| Federal Grant                                 | \$ 1,643,205             | \$ 902,339     | \$ 649,456                | \$ 1,551,795     | \$ (91,410)                        |
| Total Revenue                                 | <u>1,643,205</u>         | <u>902,339</u> | <u>649,456</u>            | <u>1,551,795</u> | <u>(91,410)</u>                    |
| <b>Expenditures:</b>                          |                          |                |                           |                  |                                    |
| General Government                            |                          | 134,927        | 149,374                   | 284,301          |                                    |
| Public Safety                                 |                          | 344,063        | 324,728                   | 668,791          |                                    |
| Cultural and Recreational                     |                          | 67,463         | 64,946                    | 132,409          |                                    |
| Public Works                                  |                          | 54,071         | 110,408                   | 164,479          |                                    |
| Payroll Cost                                  |                          | 74,114         | -                         | 74,114           |                                    |
| Capital Outlay                                |                          | 227,701        | -                         | 227,701          |                                    |
| Total Expenditures                            | <u>1,643,205</u>         | <u>902,339</u> | <u>649,456</u><br>649,456 | <u>1,551,795</u> | <u>91,410</u>                      |
| Revenues Over(Under)<br>Expenditures          | <u>-</u>                 | <u>-</u>       | <u>-</u>                  | <u>-</u>         | <u>-</u>                           |
| Fund Balance Appropriated                     | <u>-</u>                 | <u>-</u>       | <u>-</u>                  | <u>-</u>         | <u>-</u>                           |
| Revenues and Other Sources<br>Over Other Uses | <u>\$ -</u>              | <u>\$ -</u>    | <u>-</u>                  | <u>\$ -</u>      | <u>\$ -</u>                        |
| Fund Balance                                  |                          |                |                           |                  |                                    |
| Fund Balances, beginning                      |                          |                | <u>-</u>                  |                  |                                    |
| Fund Balances, ending                         |                          |                | <u>\$ -</u>               |                  |                                    |



Town of Erwin, North Carolina  
**Community Enhancement Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
For the Fiscal Year Ended June 30, 2024

|   | Budget    | Actual       | Variance<br>Positive<br>(Negative) |
|---|-----------|--------------|------------------------------------|
| <b>Revenues:</b>                                      |           |              |                                    |
| Sales and services:                                   |           |              |                                    |
| Land Lease  | \$ 10,000 | \$ 24,373    | \$ 14,373                          |
| Interest  | -         | 9,845        | 9,845                              |
| Interest on Lease Receivable                          | -         | 825          | 825                                |
| Total Revenue   | 10,000    | 35,043       | 25,043                             |
| <br>  |           |              |                                    |
| <b>Other Financing Sources(Uses)</b>                  |           |              |                                    |
| Transfers - In (Out)                                  |           |              |                                    |
| To General Fund                                       | (16,000)  | (16,000)     | -                                  |
| Total Other Financing<br>Sources (Uses)               | (16,000)  | (16,000)     | -                                  |
| <br>  |           |              |                                    |
| <b>Fund Balance Appropriated</b>                      | 6,000     | -            | (6,000)                            |
| <br>  |           |              |                                    |
| <b>Revenues and Other Sources<br/>Over Other Uses</b> | \$ -      | 19,043       | \$ 19,043                          |
| <br>  |           |              |                                    |
| <b>Fund Balance</b>                                   |           |              |                                    |
| Fund Balances, beginning                              |           | 2,735,074    |                                    |
| Fund Balances, ending                                 |           | \$ 2,754,117 |                                    |

Town of Erwin, North Carolina  
**Combining Balance Sheet**  
**Nonmajor Governmental Fund**  
For the Fiscal Year Ended June 30, 2024

|  | SCIF Grant<br>Community Bldg<br>Capital Project | SCIF Grant<br>Al Woodal PK Lot<br>Capital Project | Priebe Field<br>Special Revenue<br>Fund | SCIF Grant<br>Eco-Denim Junction<br>Capital Project | Harnett County<br>Recreation Courts<br>Capital Project | Total Nonmajor<br>Governmental<br>Funds |
|--|---|---|---|---|--|---|
| <b>Assets</b>                              |   |   |   |   |  |   |
| Cash and Cash Equivalents                  | \$ -  | \$ -  | \$ 32,866                               | \$ -  | \$ -   | \$ 32,866                               |
| Restricted Cash                            | 93,114  | 372,865   | -                                       | 499,891   | -  | 965,870                                 |
| Due From Other Funds                       | -   | -   | -                                       | -   | 50,000   | 50,000                                  |
| <b>Total Assets</b>                        | <b>\$ 93,114</b>                                | <b>\$ 372,865</b>                                 | <b>\$ 32,866</b>                        | <b>\$ 499,891</b>                                   | <b>\$ 50,000</b>                                       | <b>\$ 1,048,736</b>                     |
| <b>Liabilities and Fund Balances</b>       |   |   |   |   |  |   |
| <b>Liabilities:</b>                        |   |   |   |   |  |   |
| Accounts Payable                           | \$ -  | \$ -  | \$ -                                    | \$ -  | \$ -   | \$ -                                    |
| <b>Total Liabilities</b>                   | <b>-</b>  | <b>-</b>  | <b>-</b>                                | <b>-</b>  | <b>-</b>   | <b>-</b>                                |
| <b>Fund Balance:</b>                       |   |   |   |   |  |   |
| <b>Restricted</b>                          |   |   |   |   |  |   |
| Stabilization by State Statute             | -   | -   | -                                       | -   | 50,000   | 50,000                                  |
| Economic Development                       | -   | -   | -                                       | 499,891   | -  | 499,891                                 |
| Cultural and Recreation                    | 93,114  | 372,865   | -                                       | -   | -  | 465,979                                 |
| <b>Committed</b>                           |   |   |   |   |  |   |
| Cultural and Recreation                    | -   | -   | 32,866                                  | -   | -  | 32,866                                  |
| <b>Assigned</b>                            |   |   |   |   |  |   |
| Subsequent Year Expenditures               | -   | -   | -                                       | -   | -  | -                                       |
| <b>Unassigned</b>                          |   |   |   |   |  |   |
| <b>Total Fund Balances</b>                 | <b>93,114</b>                                   | <b>372,865</b>                                    | <b>32,866</b>                           | <b>499,891</b>                                      | <b>50,000</b>  | <b>1,048,736</b>                        |
| <b>Total Liabilities and Fund Balances</b> | <b>\$ 93,114</b>                                | <b>\$ 372,865</b>                                 | <b>\$ 32,866</b>                        | <b>\$ 499,891</b>                                   | <b>\$ 50,000</b>                                       | <b>\$ 1,048,736</b>                     |

Town of Erwin, North Carolina  
**Combining Statement of Revenues, Expenditures and  
Changes in Fund Balance**  
**Nonmajor Governmental Fund**  
For the Fiscal Year Ended June 30, 2024

|   | SCIF Grant<br>Community Bldg<br>Capital Project | SCIF Grant<br>Al Woodal PK Lot<br>Capital Project | Priebe Field<br>Special Revenue<br>Fund | SCIF Grant<br>Eco-Denim Junction<br>Capital Project | Harnett County<br>Recreation Courts<br>Capital Project | Total Nonmajor<br>Governmental<br>Funds |
|---|---|---|---|---|--|---|
| <b>Revenues:</b>                          |   |   |   |   |  |   |
| Restricted Intergovernmental State Grants | \$ 93,114                                       | \$ 480,000  | \$ -                                    | \$ 500,000  | \$ 50,000  | \$ 1,123,114                            |
| Miscellaneous Income                      | -   | -   | 6,200                                   | -   | -  | 6,200                                   |
| Interest on Investments                   | -   | -   | -                                       | -   | -  | -                                       |
| <b>Total Revenue</b>                      | <u>93,114</u>                                   | <u>480,000</u>                                    | <u>6,200</u>                            | <u>500,000</u>                                      | <u>50,000</u>  | <u>1,129,314</u>                        |
| <b>Expenditures:</b>                      |   |   |   |   |  |   |
| General Government                        | -   | -   | -                                       | -   | -  | -                                       |
| Public Safety                             | -   | -   | -                                       | -   | -  | -                                       |
| Economic Development                      | -   | -   | -                                       | 109   | -  | 109                                     |
| Cultural and Recreational                 | -   | 107,135   | 4,729                                   | -   | -  | 111,864                                 |
| <b>Total Expenditures</b>                 | <u>-</u>  | <u>107,135</u>                                    | <u>4,729</u>                            | <u>109</u>  | <u>-</u>   | <u>111,973</u>                          |
| Revenues Over(Under)                      |   |   |   |   |  |   |
| Expenditures                              | <u>93,114</u>                                   | <u>372,865</u>                                    | <u>1,471</u>                            | <u>499,891</u>                                      | <u>50,000</u>  | <u>1,017,341</u>                        |
| <b>Fund Balance</b>                       |   |   |   |   |  |   |
| Fund Balances, beginning                  | -   | -   | 31,395                                  | -   | -  | 31,395                                  |
| Fund Balances, ending                     | <u>\$ 93,114</u>                                | <u>\$ 372,865</u>                                 | <u>\$ 32,866</u>                        | <u>\$ 499,891</u>                                   | <u>\$ 50,000</u>                                       | <u>\$ 1,048,736</u>                     |

Town of Erwin, North Carolina  
**Capital Projects Fund - SCIF Grant Community Building Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance-Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2024

|                                      | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Variance<br>Positive<br>(Negative) |
|--------------------------------------|--------------------------|----------------|---------------------------|------------------|------------------------------------|
| <b>Revenues:</b>                     |                          |                |                           |                  |                                    |
| Restricted Intergovernmental         |                          |                |                           |                  |                                    |
| SCIF Grant                           | \$ 100,000               | \$ 6,886       | \$ 93,114                 | \$ 100,000       | \$ -                               |
| Total Revenue                        | <u>100,000</u>           | <u>6,886</u>   | <u>93,114</u>             | <u>100,000</u>   | <u>-</u>                           |
| <b>Expenditures:</b>                 |                          |                |                           |                  |                                    |
| Operating Expenditures               |                          | 6,886          | -                         | 6,886            |                                    |
| Capital Outlay                       |                          | -              | -                         | -                |                                    |
| Total Expenditures                   | <u>100,000</u>           | <u>6,886</u>   | <u>-</u>                  | <u>6,886</u>     | <u>93,114</u>                      |
| Revenues Over(Under)<br>Expenditures | <u>\$ -</u>              | <u>\$ -</u>    | <u>\$ 93,114</u>          | <u>\$ 93,114</u> | <u>\$ 93,114</u>                   |
| <b>Fund Balance</b>                  |                          |                |                           |                  |                                    |
| Fund Balances, beginning             |                          |                | -                         |                  |                                    |
| Fund Balances, ending                |                          |                | <u>\$ 93,114</u>          |                  |                                    |

Town of Erwin, North Carolina  
**Capital Projects Fund - SCIF Al Woodall Pk Lot Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance-Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2024

|   | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date  | Positive<br>(Negative) |
|---|--------------------------|----------------|---------------------------|-------------------|------------------------|
| <b>Revenues:</b>                              |                          |                |                           |                   |                        |
| Restricted Intergovernmental                  |                          |                |                           |                   |                        |
| SCIF  | \$ 480,000               | \$ -           | \$ 480,000                | \$ 480,000        | \$ -                   |
| Total Revenue                                 | <u>480,000</u>           | <u>-</u>       | <u>480,000</u>            | <u>480,000</u>    | <u>-</u>               |
| <b>Expenditures:</b>                          |                          |                |                           |                   |                        |
| Cultural and Recreational                     |                          |                |                           |                   |                        |
| Capital Outlay                                | 480,000                  | -              | 107,135                   | 107,135           | 372,865                |
| Total Expenditures                            | <u>480,000</u>           | <u>-</u>       | <u>107,135</u>            | <u>107,135</u>    | <u>372,865</u>         |
| Revenues Over(Under)<br>Expenditures          | <u>-</u>                 | <u>-</u>       | <u>372,865</u>            | <u>372,865</u>    | <u>372,865</u>         |
| <b>Other Financing Sources(Uses)</b>          |                          |                |                           |                   |                        |
| Transfers - In (Out)                          |                          |                |                           |                   |                        |
| From Enhancement                              |                          |                | -                         | -                 | -                      |
| To General Fund                               |                          | -              | -                         | -                 | -                      |
| Total Other Financing<br>Sources (Uses)       | <u>-</u>                 | <u>-</u>       | <u>-</u>                  | <u>-</u>          | <u>-</u>               |
| Revenues and Other Sources<br>Over Other Uses | <u>\$ -</u>              | <u>\$ -</u>    | 372,865                   | <u>\$ 372,865</u> | <u>\$ 372,865</u>      |
| <b>Fund Balance</b>                           |                          |                |                           |                   |                        |
| Fund Balances, beginning                      |                          |                |                           |                   |                        |
| Fund Balances, ending                         |                          |                | <u>\$ 372,865</u>         |                   |                        |

Town of Erwin, North Carolina  
**Priebe Field Special Revenue Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance-Budget and Actual**  
For the Fiscal Year Ended June 30, 2024

|                                   | <u>Budget</u> | <u>Actual</u> | <u>Variance<br/>Positive<br/>(Negative)</u> |
|-----------------------------------|---------------|---------------|---|
| <b>Revenues:</b>                  |               |               |   |
| Donation and Field Rental         |               | \$ 6,200      |   |
| Total Revenue                     | \$ 8,000      | 6,200         | \$ (1,800)                                  |
| <b>Expenditures:</b>              |               |               |   |
| Cultural and Recreation           |               |               |   |
| Operating Expenses                |               | 4,729         |   |
| Total Expenditures                | 8,000         | 4,729         | 3,271                                       |
| <b>Revenues Over(Under)</b>       |               |               |   |
| Expenditures                      | -             | 1,471         | 1,471                                       |
| <b>Fund Balance Appropriated</b>  | -             | -             | -   |
| <b>Revenues and Other Sources</b> |               |               |   |
| Over Other Uses                   | \$ -          | 1,471         | \$ 1,471                                    |
| <b>Fund Balance</b>               |               |               |   |
| Fund Balances, beginning          |               | 31,395        |   |
| Fund Balances, ending             |               | \$ 32,866     |   |

Town of Erwin, North Carolina  
**Capital Projects Fund - SCIF Eco-Denim Junction Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance-Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2024

|   | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date  | Positive<br>(Negative) |
|---|--------------------------|----------------|---------------------------|-------------------|------------------------|
| <b>Revenues:</b>                              |                          |                |                           |                   |                        |
| Restricted Intergovernmental                  |                          |                |                           |                   |                        |
| SCIF Grant                                    | \$ 500,000               | \$ -           | \$ 500,000                | \$ 500,000        | \$ -                   |
| Interest                                      | -                        | -              | -                         | -                 | -                      |
| Total Revenue                                 | <u>500,000</u>           | <u>-</u>       | <u>500,000</u>            | <u>500,000</u>    | <u>-</u>               |
| <b>Expenditures:</b>                          |                          |                |                           |                   |                        |
| Economic Development                          |                          |                |                           |                   |                        |
| Operating Expenses                            | 500,000                  | -              | 109                       | 109               | 499,891                |
| Total Expenditures                            | <u>500,000</u>           | <u>-</u>       | <u>109</u>                | <u>109</u>        | <u>499,891</u>         |
| Revenues Over(Under)                          |                          |                |                           |                   |                        |
| Expenditures                                  | <u>-</u>                 | <u>-</u>       | <u>499,891</u>            | <u>499,891</u>    | <u>499,891</u>         |
| <b>Other Financing Sources(Uses)</b>          |                          |                |                           |                   |                        |
| Transfers - In (Out)                          |                          |                |                           |                   |                        |
| From/(To) General Fund                        | <u>-</u>                 | <u>-</u>       | <u>-</u>                  | <u>-</u>          | <u>-</u>               |
| Total Other Financing<br>Sources (Uses)       | <u>-</u>                 | <u>-</u>       | <u>-</u>                  | <u>-</u>          | <u>-</u>               |
| Revenues and Other Sources<br>Over Other Uses | <u>\$ -</u>              | <u>\$ -</u>    | 499,891                   | <u>\$ 499,891</u> | <u>\$ 499,891</u>      |
| <b>Fund Balance</b>                           |                          |                |                           |                   |                        |
| Fund Balances, beginning                      |                          |                | <u>-</u>                  |                   |                        |
| Fund Balances, ending                         |                          |                | <u>\$ 499,891</u>         |                   |                        |

Town of Erwin, North Carolina  
**Capital Projects Fund - Harnett County Recreation Courts Capital Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance-Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2024

|   | Project<br>Authorization | Prior<br>Years | Actual<br>Current<br>Year | Total<br>to Date | Positive<br>(Negative) |
|---|--------------------------|----------------|---------------------------|------------------|------------------------|
| <b>Revenues:</b>                              |                          |                |                           |                  |                        |
| Restricted Intergovernmental Grant            | \$ 50,000                | \$ -           | \$ 50,000                 | \$ 50,000        | \$ -                   |
| Donations                                     | -                        | -              | -                         | -                | -                      |
| Interest                                      | -                        | -              | -                         | -                | -                      |
| Total Revenue                                 | <u>50,000</u>            | <u>-</u>       | <u>50,000</u>             | <u>50,000</u>    | <u>-</u>               |
| <b>Expenditures:</b>                          |                          |                |                           |                  |                        |
| Capital Outlay                                |                          |                | -                         |                  |                        |
| Total Expenditures                            | <u>50,000</u>            | <u>-</u>       | <u>-</u>                  | <u>-</u>         | <u>50,000</u>          |
| Revenues Over(Under)<br>Expenditures          | <u>-</u>                 | <u>-</u>       | <u>50,000</u>             | <u>50,000</u>    | <u>50,000</u>          |
| <b>Other Financing Sources(Uses)</b>          |                          |                |                           |                  |                        |
| Transfers - In (Out)                          |                          |                |                           |                  |                        |
| From/(To) Enhancement                         | -                        | -              | -                         | -                | -                      |
| Total Other Financing Sources (Uses)          | <u>-</u>                 | <u>-</u>       | <u>-</u>                  | <u>-</u>         | <u>-</u>               |
| Revenues and Other Sources<br>Over Other Uses | <u>\$ -</u>              | <u>\$ -</u>    | 50,000                    | <u>\$ 50,000</u> | <u>\$ 50,000</u>       |
| <b>Fund Balance</b>                           |                          |                |                           |                  |                        |
| Fund Balances, beginning                      |                          |                | -                         |                  |                        |
| Fund Balances, ending                         |                          |                | <u>\$ 50,000</u>          |                  |                        |



## OTHER SCHEDULES

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This section includes additional information on property taxes.

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

Town of Erwin, North Carolina  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
June 30, 2024

| <u>Fiscal Year</u>                          | <u>Uncollected<br/>Balance<br/>July 1, 2023</u> | <u>Additions</u>    | <u>Collections<br/>And Credits</u> | <u>Uncollected<br/>Balance<br/>June 30, 2024</u> |
|---|---|---------------------|------------------------------------|--|
| 2023 - 2024                                 | \$ -  | \$ 2,134,708        | \$ 2,107,274                       | \$ 27,434  |
| 2022 - 2023                                 | 17,701  | -                   | 7,417                              | 10,284   |
| 2021 - 2022                                 | 8,163   | -                   | 1,442                              | 6,721  |
| 2020 - 2021                                 | 4,984   | -                   | 265                                | 4,719  |
| 2019 - 2020                                 | 3,767   | -                   | 292                                | 3,475  |
| 2018 - 2019                                 | 2,652   | -                   | 71                                 | 2,581  |
| 2017 - 2018                                 | 2,185   | -                   | -                                  | 2,185  |
| 2016 - 2017                                 | 1,608   | -                   | -                                  | 1,608  |
| 2015 - 2016                                 | 1,229   | -                   | -                                  | 1,229  |
| 2014 - 2015                                 | 1,177   | -                   | 82                                 | 1,095  |
| 2013 - 2014                                 | 1,279   | -                   | 1,279                              | -  |
|   | <u>\$ 44,745</u>                                | <u>\$ 2,134,708</u> | <u>\$ 2,118,122</u>                | <u>\$ 61,331</u>                                 |
| Less: Allowance for uncollectable accounts: |   |                     |                                    |  |
|   | General Fund                                    |                     |                                    | (15,000)   |
|   | Add   |                     |                                    |  |
|   | Auto Tags Receivable                            |                     |                                    | 624  |
|   | Ad valorem taxes receivable - net               |                     |                                    | <u>\$ 46,955</u>                                 |
| <br><u>Reconciliation with revenues:</u>    |   |                     |                                    |  |
|   | Ad valorem taxes - General Fund                 |                     |                                    | \$ 1,779,355                                     |
|   | Fire protection charges - General Fund          |                     |                                    | 349,569  |
|   | Reconciling items:                              |                     |                                    |  |
|   | Interest collected                              |                     |                                    | (12,081)   |
|   | Releases  |                     |                                    | 1,279  |
|   | Subtotal  |                     |                                    | <u>(10,802)</u>                                  |
|   | Total collections and credits                   |                     |                                    | <u>\$ 2,118,122</u>                              |

Town of Erwin, North Carolina  
**Analysis of Current Tax Levy**  
**Town - Wide Levy**  
For the Fiscal Year Ended June 30, 2024

|   | Town - Wide           |       |                     | Total Levy   |                                 |
|---|-----------------------|-------|---------------------|--|---------------------------------|
|   | Property<br>Valuation | Rate  | Total<br>Levy       | Property<br>excluding<br>Registered<br>Motor<br>Vehicles | Registered<br>Motor<br>Vehicles |
| Original levy:  |                       |       |                     |  |                                 |
| Property taxed at current<br>year's rate (including fire tax) | \$ 371,253,565        | 0.575 | \$ 2,134,708        | \$ 1,895,515   | \$ 239,193                      |
| Total   | <u>371,253,565</u>    |       | <u>2,134,708</u>    | <u>1,895,515</u>   | <u>239,193</u>                  |
| Total property valuation                                      | \$ <u>371,253,565</u> |       |                     |  |                                 |
| Net levy  |                       |       | 2,134,708           | 1,895,515  | 239,193                         |
| Uncollected taxes at June 30, 2024                            |                       |       | <u>27,434</u>       | <u>27,434</u>  | <u>-</u>                        |
| Current year's taxes collected                                |                       |       | \$ <u>2,107,274</u> | \$ <u>1,868,081</u>                                      | \$ <u>239,193</u>               |
| Current levy collection percentage                            |                       |       | <u>98.70%</u>       | <u>98.55%</u>  | <u>100.00%</u>                  |

TOWN OF ERWIN

ERWIN, NORTH CAROLINA

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COMPLIANCE SECTION

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Thompson, Price, Scott, Adams & Co., P.A.  
Post Office Box 1690  
Elizabethtown, North Carolina 28337  
Telephone (910) 862-8129  
Fax (910) 862-8120

R. Bryon Scott, CPA  
Gregory S. Adams, CPA  
Alan W. Thompson, CPA

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**Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards***

**Independent Auditor's Report**

To the Honorable Mayor and  
Members of the Town Council  
Town of Erwin, 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, each major fund and the aggregate remaining fund information of the Town of Erwin, North Carolina, as of and for the year ended June 30, 2024, and related notes to the financial statements, which collectively comprises the Town of Erwin's basic financial statements, and have issued our report thereon dated October 14, 2024.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Erwin's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Erwin'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 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency, 2024-001.

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Town of Erwin'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*.

**Town of Erwin's Responses to Findings**

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

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

**Thompson, Price, Scott, Adams & Co., PA**

Elizabethtown, North Carolina

October 14, 2024



Town of Erwin, North Carolina  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2024

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

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Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance to GAAP: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?                      \_\_\_\_\_yes      X  none reported

• Significant Deficiency(s) identified?                        X  yes    \_\_\_\_\_none reported

Noncompliance material to financial statements noted?                      \_\_\_\_\_yes      X  no

Town of Erwin, North Carolina  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2024

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**Section II – Financial Statement Findings**

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SIGNIFICANT DEFICIENCIES

2024 – 001 Segregation of Duties

**Criteria:** The assignment of responsibilities should be segregated so that one person is not responsible for the authorization and recording of a transaction and the custody of the related asset. There needs to be a reconciliation or control activity to provide reasonable assurance that transactions are handled appropriately.

**Condition:** Key duties and functions are not segregated amount Town personnel. This is especially a concern in cash management, accounts receivable, purchasing, and payroll functions in all departments.

**Effect:** Transactions could be mishandled, due to errors or fraud that could lead to loss of assets or the reporting of misleading financial information.

**Cause:** There are a limited number of personnel for certain functions and lack of board oversight.

**Identification of a repeat finding:** This is a repeat finding from the immediate previous audit, 2023-001.

**Recommendation:** The duties should be separated as much as possible, by possibly training and utilizing non-financial personnel and utilizing alternative controls. The governing board should provide some of these controls.

**Views of responsible officials and planned corrective actions:** The Town agrees with this finding and will adhere to the correction action plan on page 63 in this audit report.



## Town of Erwin

100 West F. Street  
Erwin, NC 28339

Corrective Action Plan  
For the Fiscal Year Ended June 30, 2024

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### Section II – Financial Statement Findings

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#### SIGNIFICANT DEFICIENCY

2024 – 001 Segregation of Duties

|                           |   |
|---------------------------|---|
| Name of contact person:   | Randy L. Baker, Mayor   |
| Corrective Action:        | The duties will be separated as much as possible and alternative controls will be used to compensate for lack of separation. The governing board will become more involved in providing some of these controls. |
| Proposed Completion Date: | The Board will implement the above procedure immediately.   |

TOWN OF ERWIN

ERWIN, NORTH CAROLINA

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## MINUTES CONTINUED FROM DECEMBER 5, 2024

### NEW BUSINESS

#### **Grain Dealers Encroachment**

Town Planner Dylan Eure informed the Board that this encroachment application was submitted by Wesley Johnson, owner of Grain Dealers Brewery. Unfortunately, Mr. Johnson had other obligations and was not able to be at the meeting but he intended to install HVAC units with fencing. The amount of the encroachment for the HVAC units and its fencing will be approximately 6ft into the public Right-of-Way and the amount of encroachment for the glycol unit fencing will be approximately 2ft into the public Right-of-Way. It will not block drainage ditches and will not be within the public roadway. It will also be an adequate distance from public utilities.

Commissioner Blackmon made a motion to approve the Grain Dealers Encroachment Agreement and was seconded by Commissioner Turnage. **The Board voted unanimously.**

#### **ZT-2024-005 Letter of Denial**

Town Planner Dylan Eure presented the Board with a Letter of Denial of rezoning case ZT-2024-005 which was denied at our Regularly Scheduled Board Meeting in November. Going forward, it will be required for the Board to approve an official letter signed by Mayor Baker for quasi-judicial hearings.

Commissioner Blackmon made a motion to approve the letter of denial for ZT-2024-005 and was seconded by Commissioner Nelson. **The Board voted unanimously.**

### PUBLIC COMMENT

No one was present to speak for Public Comment.

### MANAGER'S REPORT

Town Manager Snow Bowden provided the Board with a detailed report at their seats. He stated if they had any questions to give him a call.

*The Manager's Report is part of these minutes as an attachment.*

### ATTORNEY'S REPORT

Town Attorney Tim Morris thanked the Board for allowing him to be their Town Attorney and kudos to the Town Staff for an incredible Christmas Parade.

The Board discussed upcoming Christmas events.



# TOWN OF ERWIN

P.O. Box 459 • Erwin, NC 28339  
Ph: 910-897-5140 • Fax: 910-897-5543  
www.erwin-nc.org

12/05/2024

## Grain Dealers Encroachment Memorandum

**Mayor**  
Randy L. Baker  
**Mayor Pro Tem**  
Ricky W. Blackmon  
**Commissioners**  
Alvester L. McKoy  
Timothy D. Marbell  
Charles L. Byrd  
David L. Nelson  
William R. Turnage

### **Description of Request:**

Wesley Johnson, owner of Grain Dealers Brewery, has applied for the allowance of an encroachment to allow for a 27 ton HVAC unit along with fencing for the HVAC, glycol units, trash receptacles, and keg storage to be placed partially within the Town of Erwin's Right-of-Way along Chief Joseph Ln. As required within Erwin's ordinances major utilities over 5 tons to be screened a long with trash receptacles. The amount of the encroachment for the HVAC units and its fencing will be approximately 6ft into the public Right-of-Way and the amount of encroachment for the glycol unit fencing will be approximately 2ft into the public Right-of-Way.

### **Description of Property:**

The proposed encroachment is to take place off of units KW & JW going into the public Right-of-Way of Chief Joseph Lane. Said Right-of-Way is maintained by the Town of Erwin and is not considered NCDOT property. There is a drainage ditch that runs across that portion of the Right-of-Way, however it measures to be 18ft away from the current existing structure and the proposed encroachment would stop 2ft before said drainage ditch for the HVAC and its Fence. While the other fence containing the glycol units would be 7ft away from the existing drainage ditch.

### **Staff Evaluation:**

According to the site plan submitted by Grain Dealers they have been able to meet said requirements for an encroachment to be granted. The proposed encroachments will not encroach into a public street nor will it prevent the drainage of ditches, eliminate public parking, within 5 feet of any public utility or intersection. It is staffs recommendation that the encroachment be approved.



# Town of Erwin

## Encroachment Application

### Planning & Inspections Department

|                     |
|---------------------|
| Fee: _____          |
| Meeting Date: _____ |
| Case #: _____       |

**First Name:** Wesley  
**Last Name:** Johnson  
**Address:** 2985 Hobson Road  
**City/State/Zip:** Dunn, NC 28334  
**Home Phone:** N/A      **Cell Phone:** 919-756-0411  
**Email:** info@graindealersbrewery.com  
**Parcel PIN / ID:** 0597-54-8120.000  
**Acreage/size:** 10.48  
**Zoning:** Industrial

**Encroachment Request (may be attached on a separate sheet):**

Seeking permission to place a 27 ton HVAC unit partially within the right of way. This piece of infrastructure would be fenced in such a way to minimize visibility to street traffic while allowing for maintenance when needed. The size of the unit and the code around its spacing from the building makes this encroachment necessary.

**Encroachment Reasoning (may be attached on a separate sheet):**

The size of the HVAC and the historic nature of the buildings that it is set to serve (units J & K) prevent it from being placed on the roof of the building. The associated ductwork that feeds into the two spaces requires that the unit be placed in line with the juncture of those spaces. In addition, the grassy area between the building and 13th street is set to be parking to access this and other businesses set to be located in the development. The interior space is set to be a pedestrian only courtyard.

I, as the landowner, hereby CERTIFY that the information contained herein is true to the best of my knowledge.

**Landowner's Signature:**       **Date:** Nov 20 24

**Applicant's Signature:** Wesley Johnson      Digitally signed by Wesley Johnson  
Date: 2024.10.02 23:48:28 -0400      **Date:** October 3, 2024

Attach a scaled illustrative plot or site plan showing all dimensions of structure encroachment along with property lines.



**Town of Erwin**  
**Encroachment Application**  
**Planning & Inspections Department**

|                     |
|---------------------|
| Fee: _____          |
| Meeting Date: _____ |
| Case #: _____       |

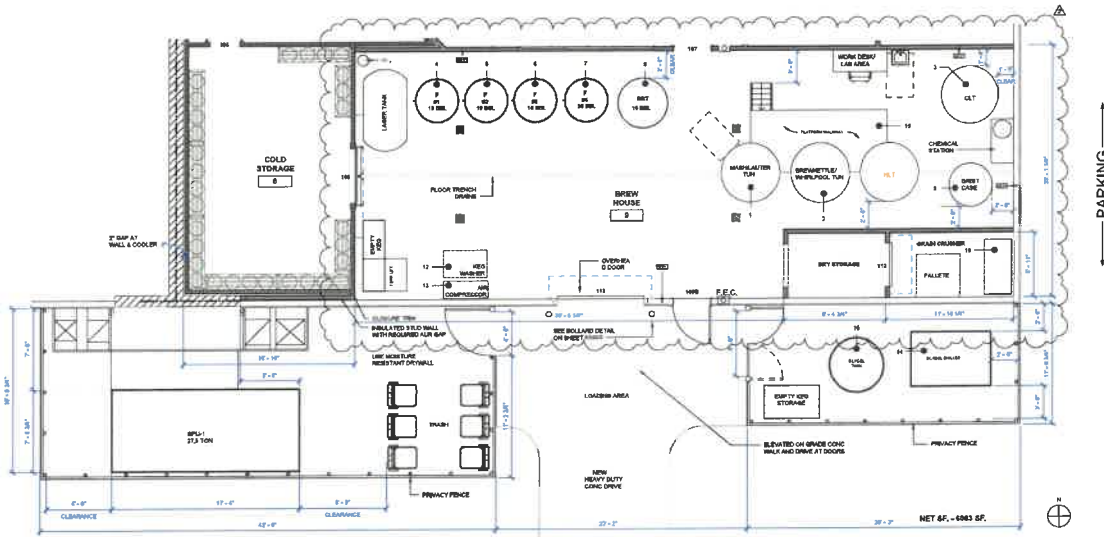
In order for the Town of Erwin's Commissioners to grant an encroachment into the Town of Erwin's Public Right-Of-Way all of the following standards must be met and found in the affirmative.

1. Cannot be easily sited in the private property due to physical constraints.  
Reasoning: Ductwork orientation requires unit be placed at juncture of two building spaces. Pedestrian only courtyard to act as an extension of downtown Erwin.
2. Must not locate within a public street.  
Reasoning: Would not extend into the street.
3. Must not encroach into public parking.  
Reasoning: Would not be in public parking. This proposed location allows for the creation of publicly accessible parking in the grassy area towards 13th Street.
4. Must not block drainage ditches or gutters that control the flow of stormwater.  
Reasoning: Should not hinder the drainage of the ditch.
5. Must not locate within 5 feet of public signs, utility boxes, utility poles/ lines, or other areas readily accessed by town or county departments.  
Reasoning: Will not be within 5 feet of nearest power pole.
6. Must not be within 5 feet of any street intersection.  
Reasoning: Will not be within 5 feet of Chief Joseph Lane and S 13th Street.
7. Must not be within 5 feet of a fire hydrant.  
Reasoning: Will not be within 5 feet of a fire hydrant.
8. Must not block access to public street furniture or sidewalk.  
Reasoning: Will not block access to public street furniture or sidewalk.
9. The circumstances are not the result of the actions of the applicant.  
Reasoning: Consideration of future infrastructure needs were not likely consider by previous mill owners when road location was offered to the town.



| Item                       | Dimensions         | Weight        | Partial Volume | Total Volume |
|----------------------------|--------------------|---------------|----------------|--------------|
| 1. Mash / Lauter Tun       | 65.3 in x 90.4 in  | 1258.8 pounds | 10 BBL         | 19 BBL       |
| 2. Brewable / Wortpool Tun | 65.3 in x 84.1 in  | 1548.8 pounds | 10 BBL         | 18.5 BBL     |
| 3. Cold Water Tank         | 63 in x 101 in     | 1258.8 pounds | 20 BBL         | 22 BBL       |
| 4. Fermenter #1            | 51.1 in x 112.7 in | 1080 pounds   | 10 BBL         | 14 BBL       |
| 5. Fermenter #2            | 51.7 in x 112.7 in | 1080 pounds   | 10 BBL         | 14 BBL       |
| 6. Fermenter #3            | -                  | -             | 10 BBL         | -            |
| 7. Fermenter #4            | -                  | -             | 20 BBL         | -            |
| 8. Bright Beer Tank        | 56.1 in x 82.7 in  | 1020.3 pounds | 10 BBL         | 14 BBL       |
| 9. Oriel Case              | -                  | -             | -              | -            |
| 10. M.B.                   | -                  | -             | -              | -            |

| Item                  | Dimensions         | Weight        | Partial Volume | Total Volume |
|-----------------------|--------------------|---------------|----------------|--------------|
| 11. Chase Time Auger  | -                  | -             | -              | -            |
| 12. KEO Washer        | 82in x 58in x 50in | -             | -              | -            |
| 13. Compressor        | -                  | 719 pounds    | -              | -            |
| 14. Glycol Chiller    | -                  | -             | -              | -            |
| 15. Glycol Tank       | -                  | 1347.9 pounds | 20 BBL         | 25 BBL       |
| 16. Shallow Tank      | -                  | 76.7 pounds   | .66 BBL        | 1.32BBL      |
| 17. Chase Time Auger  | -                  | -             | -              | -            |
| 18. Heat Exchanger    | -                  | -             | -              | -            |
| 19. Platform walkway  | -                  | -             | -              | -            |
| 20. Filtration System | -                  | -             | -              | -            |



BREWERY FLOOR PLAN - ENLARGED 1/4" = 1'-0"



CONSTRUCTION DOCUMENTS  
**GRAIN DEALERS BREWERY**  
 100 North 13th St. Bay K  
 Erwin, NC

| NO. | DATE     | DESCRIPTION       |
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FLOOR PLAN - ENLARGED BREW HOUSE  
**A116**

# Erwin Board of Commissioners

## REQUEST FOR CONSIDERATION

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To: The Honorable Mayor and Board of Commissioners

From: Snow Bowden, Town Manager

Date: December 5, 2024

Subject: ZT-2024-005 Letter of Denial

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Town Staff has prepared a written decision on the outcome of the rezoning public hearing case (ZT-2024-005) that we had at our November Town Board meeting. This is a formal step in the rezoning process that we need to follow going forward. Town Staff is happy to make any changes if necessary.



# TOWN OF ERWIN

P.O. Box 459 • Erwin, NC 28339  
Ph: 910-897-5140 • Fax: 910-897-5543  
[www.erwin-nc.org](http://www.erwin-nc.org)

**Mayor**  
Randy L. Baker  
**Mayor Pro Tem**  
Ricky W. Blackmon  
**Commissioners**  
Alvester L. McKoy  
Timothy D. Marbell  
Charles L. Byrd  
David L. Nelson  
William R. Turnage

To: Gregorio Irado, Rabbit Construction Inc.  
Mollie Cozart, Jordan Price Law Offices

From: Erwin Board of Commissioners

Subject: ZT-2024-005 Denial

Date: 12/05/2024

Please accept this letter of correspondence from the Town of Erwin as verification that the conditional district rezoning petitioned by Gregorio Irado to allow for apartments located by their physical addresses 40, 100, 140, 137, 119, 87, and 51 Professional Park was heard by the Erwin Board of Commissioners on 11/07/2024 during a public hearing at the regularly scheduled November meeting.

After the public hearing concluded the Erwin Board of Commissioners engaged in final deliberation which was followed by a vote that resulted in 5-1 denial of the proposed conditional district. Stated reason for denial being that the impact to the adjacent property owners and community are unreasonable due to the lack of jobs being created by an apartment complex, along with potentially limiting property tax revenue due to the proposed change of zoning from being classified as commercial to residential.

If there is any further questions please contact Erwin's Town Planner, Dylan Eure at 910-591-4201 or by email at [deure@erwin-nc.org](mailto:deure@erwin-nc.org).

Regards.

**ATTEST:**

Randy Baker

Mayor

Lauren Evans, NCCMC

Town Clerk



**TOWN OF ERWIN  
BOARD OF COMMISSIONERS  
REGULAR MEETING  
THURSDAY, DECEMBER 5, 2024, AT 7 PM**

**PUBLIC COMMENT-** *Each speaker is asked to limit comments to 3 minutes, and the requested total comment period will be 30 minutes or less. Citizens should sign up prior to the start of the meeting. Please provide the clerk with copies of any handouts you have for the Board. Although the Board is interested in hearing your concerns, speakers should not expect Board action or deliberation on subject matter brought up during the Public Comment segment. Thank you for your consideration of the Town Board, staff and other speakers. §160A-81.1*

| Name      | Address | Subject |
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William R. Turnage

**Memo to:** Mayor and Board of Commissioners

**From:** Snow Bowden, Town Manager

**Subject:** December Managers Report

**Date:** 12/5/2024

- We have run into some issues with getting the electricity disconnected at 601 Lucas Road. This is the structure that we approved a ordinance to have demolished and we awarded a bid to have the structure demolished. The Harnett County Building Chief Building Inspector Brad Sutton is trying to help us work with Duke Energy to get the power disconnected without having to go through the condemnation process since we have already gone through the minimum housing process. This has been a learning lesson for Town Staff. Going forward, it would be best to just start the condemnation process. We are going to have to see if Harnett County would be willing to help us with this need.
- The preliminary subdivision plat that you all approved a little over a year ago for the major subdivision off of Red Hill Church Road might be able to move forward now. This was a 12-lot subdivision. The developers ran into some issues with Harnett Regional Water, but I have been told that they might have been able to find a solution.
- The major subdivision where we just approved the preliminary plat at the corner of Old Stage Road and Avery Road is moving forward quickly as well. We will probably have an update for you in early 2025.
- The Town of Erwin has signed the contract with the North Carolina Department of Transportation for the bike/pedestrian planning grant that we received. The Town has sent in a check to cover our portion of the grant as well. At the moment, we are hoping to kick off the process in January 2025.
- I put a flyer at your desk with the hours for the Santa House this year. We got complaints last year that there were no hours that the Santa house was open. Due to the fact that the Town planned the tree lightening and Christmas parade this year we have also planned hours to have Santa in the Santa House.
- The Erwin Fire and Rescue Department will be hosting their annual Christmas party this Saturday, December 7<sup>th</sup>, 2024, at 7PM at the Erwin Fire and Rescue station. If you are able to attend, please do so.
- The annual Nutcracker Endurance Run will be taking place on the Dunn-Erwin Rail Trail next Saturday, December 14<sup>th</sup>. This is the run where people get dressed up in Christmas outfits and run most of the day on the rail trail. The funds raised stay local. The funds have typically been given to Dunn PAL and the Dunn-Erwin Rail Trail.

- We are working on collecting data for the pay study that we are currently undertaking. At your seats I left a sheet of paper with the municipalities that we are planning on including in the pay study. The majority of the municipalities that were included in the list are very close by. We included the Town of Nashville, NC because we have found some similarities between our organization and their organization.
  - We are making progress on this study. All of our employees have turned in their questionnaire forms to their supervisor and they will be reviewed and submitted to The MAPS Group by 12/11/2024. The MAPS Group will conduct interviews with employees December 17-20, 2024. The MAPS Group is scheduled to have a draft report of the proposed cost estimates to the Town of Erwin by 1/1/2025. This will be very helpful in the budget process for the next Fiscal Year. The other updates to the personnel policy and job class specifications should be completed by March 2025.
- At our meeting last month, I was asked about the status of Old Post Road. Old Post Road is a North Carolina Department of Transportation maintained road (NCDOT). NCDOT told us a while back that they were going to move this road up and have it resurfaced in 2024. NCDOT award a contract to Johnson Brothers Utility & Paving Company to resurface the road. As of the last update that I got on 11/15/2024 they were 45% complete with the work on the road. I imagine that was some of the cracks they filled. The contract was supposed to be completed by 11/15/2024. I am waiting for another update from NCDOT. At our January workshop meeting I will probably have a proposal to discuss from NCDOT for improvements to the Iris Bryant/Norris Road/NC 82 intersection, and potentially some other projects in our Town Limits.
- I wish to say thank you to our Town Staff for stepping up and planning the Erwin Christmas Tree Lightening and Christmas Parade this year. The events were dropped on us with very little time, and I think both events went well. I have heard a lot of positive feedback. At our budget retreat next year, we will need to discuss the fact that the Town will be handling this event and other events next year. The Erwin Area Chamber of Commerce is planning on still holding Denim Days but no other events. I would also like to thank the member of this board for your support in allotting dollars for the events and for helping us obtain some sponsors for the event. Thank you to anyone else that helped planned or sponsored the events.
- The Planned Unit Development that is supposed to be built off of St. Matthews Road is still in the works. They are still waiting on approval from the North Carolina Department of Environmental Quality for the water lines from what I have been told. They have a survey company working on preparing phase one of the development to be submitted to the Town soon.

**MINUTES CONTINUED FROM DECEMBER 5, 2024**

**ADJOURNMENT**

Commissioner Blackmon made a motion to adjourn at 7:49 P.M. and was seconded by Commissioner Nelson. **The Board voted unanimously.**

**MINUTES RECORDED AND TYPED BY  
LAUREN EVANS TOWN CLERK**

**ATTEST:**



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**Randy Baker**

**Mayor**



---

**Katelan Blount**

**Deputy Town Clerk**