

**TOWN OF ERWIN  
ERWIN, NORTH CAROLINA  
FINANCIAL STATEMENTS  
June 30, 2025**



TOWN OF ERWIN, NORTH CAROLINA  
FINANCIAL STATEMENTS  
June 30, 2025

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

Snow Bowden, Town Manager

Linda P Williams  
Finance Director

Lauren Evans  
Town Clerk

Tim Morris  
Attorney

TOWN OF ERWIN, NORTH CAROLINA  
 TABLE OF CONTENTS  
 June 30, 2025

<b>Exhibit</b>	<b>Page</b>
<b>FINANCIAL SECTION:</b>	
<b>Independent Auditor's Report</b>	1-3
<b>Management's Discussion and Analysis</b>	4-9
<b>Basic Financial Statements:</b>	
Government-wide Financial Statements:	
1            Statement of Net Position	10-11
2            Statement of Activities	12
Fund Financial Statements:	
3            Balance Sheet – Governmental Funds	13
Reconciliation of the Governmental Fund Balance Sheet to the Statement of Net Position	14
4            Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
5            Statement of Revenues, Expenditures, and Changes in Fund Balances – Annual Budget and Actual – General Fund and Community Enhancement Fund	17-18
Notes to the Financial Statements	19-38
<b>Required Supplemental Financial Data:</b>	
Schedule of Proportionate Share of Net Pension Liability (Asset) - Local Government Employees' Retirement System	39
Schedule of Contributions - Local Government Employees' Retirement System	40
Schedule of Changes in Total Pension Liability - Law Enforcement Officers' Special Separation Allowance	41
Schedule of Total Pension Liability as a Percentage of Covered Payroll - Law Enforcement Officers' Special Separation Allowance	42

Schedule of Changes in the Total Other Postemployment Benefits Liability and Related Ratios	43
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**Individual Fund Statements and Schedules:**

Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -	
General Fund	44-47
Stormwater Capital Projects Fund	48
American Relief Plan Fund	49
Community Enhancement Fund	50
Combining Balance Sheet for Non-Major Governmental Funds	51
Combining Statement of Revenues, Expenditures and Changes in Fund Balance for Non-Major Governmental Funds	52
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual -	
SCIF Grant - Community Building	53
SCIF Grant - Al Woodal Parking Lot Capital Project	54
Priebe Field Special Revenue Fund	55
SCIF Grant - Eco-Denim Junction Capital Project	56
Harnett County Recreation Courts Capital Project	57
Al Woodall Park Improvements Fund	58
Juniper Creek Stream Study Project Grant	59

**Other Schedules:**

Schedule of Ad Valorem Taxes Receivable	60
Analysis of Current Tax Levy – Town-Wide Levy	61

**Compliance Section:**

Report On Internal Control Over Financial Reporting And On Compliance and Other Matters Based On An Audit Of Financial Statements Performed In Accordance With <i>Government Auditing Standards</i>	62-63
Schedule of Findings and Responses	64-65
Corrective Action Plan	66



## FINANCIAL SECTION





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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, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, 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, 2025, 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 December 10, 2025 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

December 10, 2025

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, 2025. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town’s financial statements, which follow this narrative.

### FINANCIAL HIGHLIGHTS

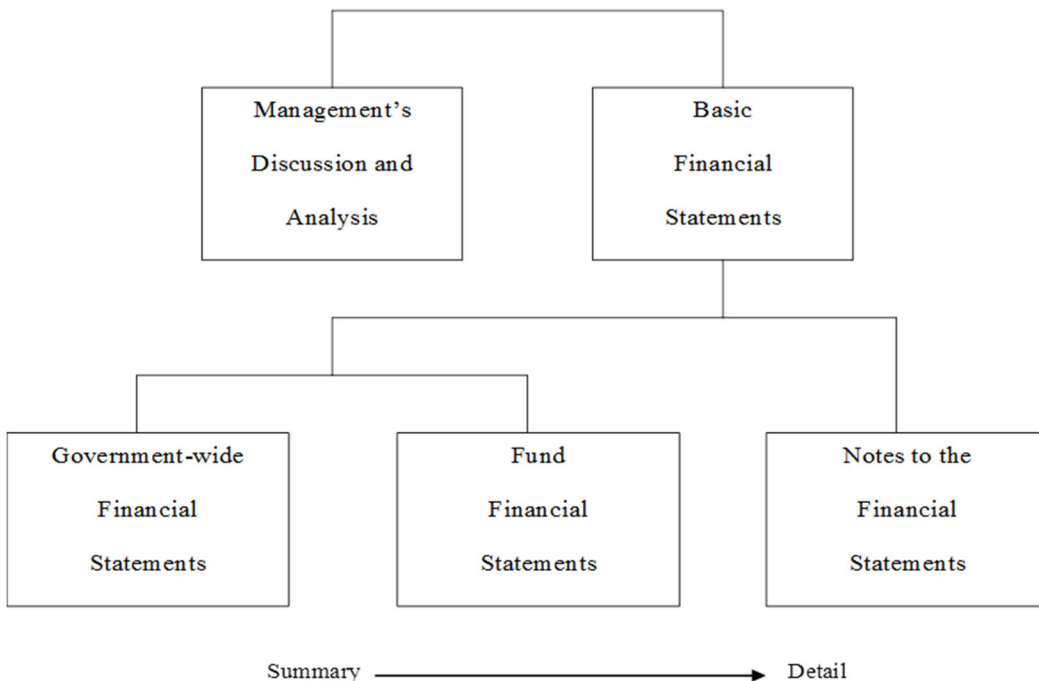
- The assets and deferred outflows of resources of the Town of Erwin exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$13,267,252 (*net position*).
- The government’s total net position increased by \$385,866 primarily due to increases in property taxes and investment income.
- As of the close of the current fiscal year, the Town’s governmental funds reported ending fund balances of \$10,695,724 an increase of \$548,568. Approximately 22 percent of this total amount, or \$2,406,328 is nonspendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,528,238 or 143 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 39 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	
	<u>2025</u>	<u>2024</u>
<b>Assets</b>		
Current and other assets:	\$ 11,075,994	\$ 10,589,487
Capital Assets	<u>4,358,731</u>	<u>4,433,709</u>
Total assets	<u>15,434,725</u>	<u>15,023,196</u>
<b>Deferred Outflows of Resources</b>	<u>766,222</u>	<u>841,082</u>
<b>Liabilities</b>		
Long-term liabilities outstanding	1,930,410	2,033,721
Other liabilities	<u>272,494</u>	<u>347,330</u>
Total liabilities	<u>2,202,904</u>	<u>2,381,051</u>
<b>Deferred inflows of resources</b>	<u>730,791</u>	<u>576,032</u>
<b>Net Position</b>		
Net Investment in Capital Assets	4,358,731	4,433,709
Restricted	2,395,618	1,827,629
Unrestricted(Deficit)	<u>6,512,903</u>	<u>6,645,857</u>
Total Net Position	<u>\$ 13,267,252</u>	<u>\$ 12,907,195</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 \$13,267,252 as of June 30, 2025. The Town's net position increased by \$385,866 for the fiscal year ended June 30, 2025. However, a portion, \$4,358,731 (33%), 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 \$2,395,618 (18%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$6,512,903 (49%) 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.
- Investment income increased.
- Expenditures increased to satisfy grant requirements.

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

	Governmental Activities	
	2025	2024
Revenues		
Program Revenues		
Charges for Services	\$ 706,551	\$ 718,337
Grants and Entitlements	396,643	1,962,832
General Revenue		
Property Taxes	1,860,383	1,799,672
Grants and contributions not restricted to specific programs	1,372,152	1,386,956
Other Taxes	389,455	377,721
Investment Earnings	215,062	210,695
Other	38,712	71,571
Total Revenues	<u>4,978,958</u>	<u>6,527,784</u>
Expenses		
General Government	1,083,189	890,713
Public Safety	1,802,021	1,614,317
Transportation	802,979	1,000,742
Economic Development	-	109
Environmental Protection	343,184	343,400
Cultural and Recreation	561,719	605,936
Total Expenses	<u>4,593,092</u>	<u>4,455,217</u>
Increase(Decrease) in Net Position	<u>385,866</u>	<u>2,072,567</u>
Net position - beginning, previously reported	12,907,195	10,834,628
Restatement	(25,809)	-
Net position - beginning as restated	<u>12,881,386</u>	<u>10,834,628</u>
Net Position, ending	<u>\$ 13,267,252</u>	<u>\$ 12,907,195</u>

Management Discussion and Analysis  
**Town of Erwin**

**Governmental Activities** - Governmental activities increased the Town of Erwin’s net position by \$385,866, thereby accounting for all of the increase in the net position of the Town of Erwin. Key elements of the increase were mentioned above.

**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 \$5,528,238, while total fund balance reached \$6,652,906.

At June 30, 2025, the governmental funds of Town of Erwin reported a combined fund balance of \$10,695,724 with a net increase in fund balance of \$548,568. 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, 2025, totals \$4,358,731 (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	
	2025	2024
Land	\$ 191,207	\$ 191,207
Construction in Progress	278,152	124,122
Buildings and Improvements	1,237,246	1,313,422
Equipment	493,971	684,083
Vehicles and Motor Equipment	327,219	271,129
Infrastructure	1,830,936	1,849,746
	\$ 4,358,731	\$ 4,433,709

Additional information on the Town’s capital assets can be found beginning on page 26 of the Notes to the Basic Financial Statements.

Management Discussion and Analysis  
**Town of Erwin**

**Long-term Debt.** As of June 30, 2025, 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 \$30,615,457. 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 have slightly increased to \$0.50 town tax rate and \$.105 fire protection rate from the prior year of \$.48 and \$.095, respectfully.
- 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, 2026**

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

The Town of Erwin did change the ad valorem tax rate with the 2025-2026 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, 2026. 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, 2025

Exhibit 1

	Governmental Activities
<b>Assets</b>	
Current assets:	
Cash & cash equivalents	\$ 8,681,453
Restricted cash	1,663,464
Taxes receivable (net)	60,748
Accrued interest receivable on taxes	10,580
Accounts receivable (net)	711
Lease Receivable	24,685
Due from other governments	556,929
Total current assets	10,998,570
Non-current Assets:	
Lease Receivable	77,424
Capital Assets:	
Land and nondepreciable improvements	469,359
Other capital assets, net of depreciation	3,889,372
Total capital assets	4,358,731
Total Non-current Assets	4,436,155
Total Assets	15,434,725
<b>Deferred Outflows of Resources</b>	
Pension deferrals	611,346
OPEB deferrals	154,876
Total Deferred Outflows of Resources	766,222
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued liabilities	217,494
Current portion of long-term debt	55,000
Long-term Liabilities:	
Net pension liability-LGERS	1,059,153
Total OPEB liability	478,637
Total pension liability-LEO	262,352
Due in more than one year	130,268
Total liabilities	2,202,904

Town of Erwin, North Carolina  
**Statement of Net Position**  
 June 30, 2025

Exhibit 1

	Governmental Activities
<b>Deferred Inflows of Resources</b>	
Prepaid taxes	49
Leases	91,399
Pension deferrals	124,828
OPEB deferrals	514,515
	730,791
<b>Net Position</b>	
Net Investment in capital assets	4,358,731
Restricted for:	
Stabilization by state statute	732,154
Streets	403,200
Cultural and Recreation	754,116
Economic Development	499,891
Public safety	6,257
Unrestricted	6,512,903
Total Net Position	\$ 13,267,252

TOWN OF ERWIN

ERWIN, NORTH CAROLINA

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Town of Erwin, North Carolina  
**Statement of Activities**  
For the Year Ended June 30, 2025

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
Primary Government: Governmental Activities:	Charges for Service	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
General Government	\$ 1,083,189	\$ 21,959	\$ 45,886	\$ -	\$ (1,015,344)
Public Safety	1,802,021	76,854	48,366	-	(1,676,801)
Transportation	802,979	10,470	292,250	-	(500,259)
Environmental Protection	343,184	530,305	-	-	187,121
Cultural and Recreation	561,719	66,963	10,141	-	(484,615)
Total Governmental Activities	\$ 4,593,092	\$ 706,551	\$ 396,643	\$ -	(3,489,898)
General Revenues:					
Taxes:					
Property taxes, levied for general purpose					1,860,383
Other taxes					389,455
Grants and contributions not restricted to specific programs					1,372,152
Investment earnings, unrestricted					215,062
Miscellaneous, unrestricted					38,712
Total general revenues					3,875,764
Change in net position					385,866
Net position - beginning, as previously reported					12,907,195
Restatement					(25,809)
Net position - beginning, restated					12,881,386
Net position - ending					\$ 13,267,252

**Balance Sheet**  
**Governmental Funds**  
June 30, 2025

	Major Funds					Total Governmental Funds
	General Fund	Stormwater Capital Project	American Relief Plan Fund	Community Enhancement Fund	Non-Major Funds	
<b>Assets</b>						
Cash and cash equivalents	\$ 6,039,846	\$ -	\$ -	\$ 2,617,076	\$ 24,531	\$ 8,681,453
Restricted cash	409,457	-	-	-	1,254,007	1,663,464
Receivables (net):						
Taxes	60,748	-	-	-	-	60,748
Accounts	290	-	-	421	-	711
Due from other funds	41,589	-	-	120,732	12,193	174,514
Due from other governments	458,332	95,449	-	-	3,148	556,929
Lease Receivable	-	-	-	102,109	-	102,109
Total assets	<u>7,010,262</u>	<u>95,449</u>	<u>-</u>	<u>2,840,338</u>	<u>1,293,879</u>	<u>11,239,928</u>
<b>Liabilities</b>						
Accounts payable and accrued liabilities	163,634	53,860	-	-	-	217,494
Due to other funds	132,925	41,589	-	-	-	174,514
Total liabilities	<u>296,559</u>	<u>95,449</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>392,008</u>
<b>Deferred inflows of resources</b>						
Property tax receivable	60,748	-	-	-	-	60,748
Prepaid taxes	49	-	-	-	-	49
Leases	-	-	-	91,399	-	91,399
Total deferred inflows of resources	<u>60,797</u>	<u>-</u>	<u>-</u>	<u>91,399</u>	<u>-</u>	<u>152,196</u>
<b>Fund Balances:</b>						
Non Spendable						
Leases	-	-	-	10,710	-	10,710
Restricted						
Stabilization by State Statute	500,211	95,449	-	121,153	15,341	732,154
Streets	403,200	-	-	-	-	403,200
Cultural and Recreation	-	-	-	-	754,116	754,116
Economic Development	-	-	-	-	499,891	499,891
Public Safety	6,257	-	-	-	-	6,257
Committed						
Cultural and Recreation	-	(95,449)	-	-	34,531	(60,918)
Capital Projects	-	-	-	2,617,076	-	2,617,076
Assigned						
Subsequent Year						
Expenditures	215,000	-	-	-	-	215,000
Unassigned	5,528,238	-	-	-	(10,000)	5,518,238
Total fund balances	<u>6,652,906</u>	<u>-</u>	<u>-</u>	<u>2,748,939</u>	<u>1,293,879</u>	<u>10,695,724</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 7,010,262</u>	<u>\$ 95,449</u>	<u>\$ -</u>	<u>\$ 2,840,338</u>	<u>\$ 1,293,879</u>	<u>\$ 11,239,928</u>

Town of Erwin, North Carolina  
**Balance Sheet**  
**Governmental Funds**  
June 30, 2025

Exhibit 3, continued

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

Total Fund Balance, Governmental Funds		\$ 10,695,724
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$ 9,122,429	
Accumulated depreciation	<u>(4,763,698)</u>	4,358,731
Deferred outflows of resources related to pensions are not reported in the funds		611,346
Deferred outflows of resources related to OPEB are not reported in the funds		154,876
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows or resources.		10,580
Earned revenues considered deferred inflows of resources in fund statements.		60,748
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds.		
Compensated absences		(185,268)
Net pension liability		(1,059,153)
Total OPEB liability		(478,637)
Total pension liability		(262,352)
Deferred inflows of resources related to pensions are not reported in the funds		(124,828)
Deferred inflows of resources related to OPEB are not reported in the funds		<u>(514,515)</u>
Net position of governmental activities		<u><u>\$ 13,267,252</u></u>

Town of Erwin, North Carolina  
**Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**Governmental Funds**  
For the Year Ended June 30, 2025

Exhibit 4

	Major Funds				Non-Major Funds	Total Governmental Funds
	General Fund	Stormwater Capital Project	American Relief Plan fund	Community Enhancement Fund		
<b>Revenues</b>						
Ad valorem taxes	\$ 1,844,276	\$ -	\$ -	\$ -	\$ -	\$ 1,844,276
Other taxes and licenses	389,455	-	-	-	-	389,455
Unrestricted intergovernmental	1,372,152	-	-	-	-	1,372,152
Restricted intergovernmental	183,923	95,449	91,409	-	-	370,781
Permits and fees	22,337	-	-	-	-	22,337
Sales and services	681,224	-	-	24,862	-	706,086
Other revenues	242,165	-	-	14,599	1,000	257,764
Total revenues	<u>4,735,532</u>	<u>95,449</u>	<u>91,409</u>	<u>39,461</u>	<u>1,000</u>	<u>4,962,851</u>
<b>Expenditures</b>						
Current:						
General government	900,127	-	21,024	-	93,114	1,014,265
Public safety	1,758,211	-	45,705	-	-	1,803,916
Transportation	400,146	-	8,227	-	-	408,373
Public works	184,930	-	7,312	-	-	192,242
Environmental protection	343,184	-	-	-	-	343,184
Cultural and recreation	410,793	95,449	9,141	-	136,920	652,303
Total expenditures	<u>3,997,391</u>	<u>95,449</u>	<u>91,409</u>	<u>-</u>	<u>230,034</u>	<u>4,414,283</u>
Revenues over (under) expenditures	<u>738,141</u>	<u>-</u>	<u>-</u>	<u>39,461</u>	<u>(229,034)</u>	<u>548,568</u>
<b>Other financing sources (uses):</b>						
Transfers from other funds	14,635	-	-	-	38,339	52,974
Transfers to other funds	-	-	-	(44,639)	(8,335)	(52,974)
Proceeds From Capital Lease	-	-	-	-	-	-
Total other financing sources (uses)	<u>14,635</u>	<u>-</u>	<u>-</u>	<u>(44,639)</u>	<u>30,004</u>	<u>-</u>
Net change in fund balance	752,776	-	-	(5,178)	(199,030)	548,568
Fund balances, beginning	<u>5,900,130</u>	<u>-</u>	<u>-</u>	<u>2,754,117</u>	<u>1,492,909</u>	<u>10,147,156</u>
Fund balances, ending	<u>\$ 6,652,906</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,748,939</u>	<u>\$ 1,293,879</u>	<u>\$ 10,695,724</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, 2025

Exhibit 4,  
Continued

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

Net changes in fund balances - total governmental funds	\$	548,568
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay expenditures that were capitalized		376,598
Depreciation expense for Governmental assets		(451,576)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		217,437
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Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		18,348
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OPEB Benefit payments paid and administrative expense made in the current year are not included on the Statement of Activities		20,980
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Change in unavailable revenue for tax revenues		16,107

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences		(18,846)
Pension expenses		(17,896)
Other postemployment benefits expenses		(7,697)
Net pension obligation		<u>(316,157)</u>

Total changes in net position of governmental activities.	\$	<u><u>385,866</u></u>
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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, 2025

Exhibit 5

	General Fund			
	Original	Final	Actual Amounts	Variance Over/(Under)
Revenues:				
Ad valorem taxes	\$ 1,756,078	\$ 1,778,968	\$ 1,844,276	\$ 65,308
Other taxes and licenses	347,558	394,058	389,455	(4,603)
Unrestricted intergovernmental	1,231,800	1,270,880	1,372,152	101,272
Restricted intergovernmental	160,000	160,000	183,923	23,923
Permits and fees	20,000	20,200	22,337	2,137
Sales and services	695,807	702,817	681,224	(21,593)
Other revenues	172,582	202,394	242,165	39,771
Total revenues	<u>4,383,825</u>	<u>4,529,317</u>	<u>4,735,532</u>	<u>206,215</u>
Expenditures:				
Current:				
General government	1,088,110	1,097,410	900,127	197,283
Public safety	1,733,809	1,879,301	1,758,211	121,090
Transportation	696,124	696,124	400,146	295,978
Public works	207,260	207,260	184,930	22,330
Environmental protection	343,759	343,759	343,184	575
Cultural and recreation	437,172	437,172	410,793	26,379
Total expenditures	<u>4,506,234</u>	<u>4,661,026</u>	<u>3,997,391</u>	<u>663,635</u>
Revenues over (under) expenditures	<u>(122,409)</u>	<u>(131,709)</u>	<u>738,141</u>	<u>869,850</u>
Other financing sources (uses):				
Transfers from other funds	122,409	108,709	14,635	(94,074)
Fund balance appropriated	-	23,000	-	(23,000)
Total other financing sources (uses)	<u>122,409</u>	<u>131,709</u>	<u>14,635</u>	<u>(117,074)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>752,776</u>	<u>\$ 752,776</u>
Fund balances, beginning			<u>5,900,130</u>	
Fund balances, ending			<u>\$ 6,652,906</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, 2025

Exhibit 5  
continued

	Community Enhancement Fund			
	Original	Final	Actual Amounts	Variance Over/(Under)
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	-	-	-	-
Restricted intergovernmental	-	-	-	-
Permits and fees	-	-	-	-
Sales and services	10,000	28,892	24,862	(4,030)
Other revenues	-	8,301	14,599	6,298
Total revenues	<u>10,000</u>	<u>37,193</u>	<u>39,461</u>	<u>2,268</u>
Expenditures:				
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>37,193</u>	<u>39,461</u>	<u>2,268</u>
Other financing sources (uses):				
Transfers to other funds	(10,000)	(44,639)	(44,639)	-
Fund balance appropriated	-	7,446	-	(7,446)
Total other financing sources (uses)	<u>(10,000)</u>	<u>(37,193)</u>	<u>(44,639)</u>	<u>(7,446)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(5,178)	<u>\$ (5,178)</u>
Fund balances, beginning			<u>2,754,117</u>	
Fund balances, ending			<u>\$ 2,748,939</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, 2025

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.

**Stormwater Capital Project** – This fund was created for the capital project activity for the repair of a drainage pipe and street improvement.

**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, 2025

***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.

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

***Juniper Creek Stream Study Grant Project*** – This fund was created for the study of the Juniper Creek Stream that by the Town recreational field.

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.

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

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 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] 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	\$          403,200
SCIF Grant	1,254,007
Public Safety	6,257
Total Governmental Activities	\$ <u>          1,663,464</u>

Ad Valorem Taxes Receivable - By 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, 2024. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenues are reported net of such discounts.

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, 2025

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 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 2025 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 2025 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.

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

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

The vacation policy of the Town provides for the accumulation of up to thirty (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.

The Town’s sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. In accordance with GASB Statement 101 for the Town’s government-wide fund, an expense and liability for sick leave is recognized using the “practical expedient approach” by the Standard for the portion of sick leave expected to be used and paid by the Town. Any unused sick leave accumulated for employees who leave the city or the ABC Board before retirement is forfeited

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 – 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 1930s 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 provides a formula for determining what portion of the fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as “Restricted by State Statute” defined as follows: “*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, prepaids, and lease receivables in excess of deferred inflows of resources for leases, as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

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 Economic Development – portion of fund balance resulting in unspent grant funds for use in renovating an old mill.

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.

Accounting for Changes

The implemented GASB Statement No. 101, Compensated Absences in the current fiscal year. The objective of the Statement is to better meet information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of the Statement required a prior period adjustment to reduce the government-wide net position by \$25,809, to record the estimated liability for sick leave at June 30, 2024

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

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.

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, 2025, the Town's deposits had a carrying amount of \$5,140,658 and a bank balance of \$5,233,403. Of the bank balance, \$3,811,886 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, 2025, the Town's petty cash fund totaled \$200.

Investments

At June 30, 2025 the Town had \$5,204,059 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, 2025
General Fund	
Taxes Receivable	\$ 15,000
Total	\$ 15,000

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

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 2025, the Town recognized \$22,527 of lease revenue and \$6,297 of interest revenue under the lease.

Capital Assets

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

	<u>Beginning</u> <u>Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending</u> <u>Balances</u>
<b>Governmental Activities:</b>				
<b>Capital Assets not Being Depreciated:</b>				
Land	\$ 191,207	\$ -	\$ -	\$ 191,207
Construction in Progress	124,122	154,030	-	278,152
Total Capital Assets not Being Depreciated:	<u>315,329</u>	<u>154,030</u>	<u>-</u>	<u>469,359</u>
<b>Capital Assets Being Depreciated:</b>				
Buildings	2,660,058	-	-	2,660,058
Equipment	2,099,821	-	-	2,099,821
Vehicles and Motor Equipment	1,221,931	144,229	-	1,366,160
Infrastructure	2,448,692	78,339	-	2,527,031
Total Capital Assets Being Depreciated:	<u>8,430,502</u>	<u>222,568</u>	<u>-</u>	<u>8,653,070</u>
<b>Less Accumulated Depreciation</b>				
Buildings	1,346,636	76,176	-	1,422,812
Equipment	1,415,738	190,112	-	1,605,850
Vehicles and Motor Equipment	950,802	88,139	-	1,038,941
Infrastructure	598,946	97,149	-	696,095
Total Accumulated Depreciation	<u>4,312,122</u>	<u>\$ 451,576</u>	<u>\$ -</u>	<u>4,763,698</u>
<b>Total Capital Assets Being Depreciated, net</b>	<u>4,118,380</u>			<u>3,889,372</u>
<b>Governmental Activity Capital Assets, net</b>	<u>\$ 4,433,709</u>			<u>\$ 4,358,731</u>

**Primary Government**

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

General Government	\$ 47,027
Public Safety	81,040
Transportation	192,507
Cultural & Recreational	131,002
Total Depreciation Expense	<u>\$ 451,576</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

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

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).

*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, 2025, was 15.04% of compensation for law enforcement officers and 13.67% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Erwin were \$217,437 for the year ended June 30, 2025.

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

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

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

At June 30, 2025, the Town reported a liability of \$1,059,153 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024 (measurement date), the Town's proportion was 0.01571%, which was an increase of 0.00116% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of \$316,157. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 185,604	\$ 1,248
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	143,991	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	33,331	23,011
Town contributions subsequent to the measurement date	217,437	-
Total	\$ 580,363	\$ 24,259

\$217,437 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, 2026. 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>	
2026	\$ 105,512
2027	207,308
2028	42,128
2029	(16,281)
	\$ 338,667

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

Inflation	2.50 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

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

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2025 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	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 2025 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 (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	\$ 1,876,850	\$ 1,059,153	\$ 386,485

*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.

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

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.

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

Inactive members currently receiving benefits	2
Active plan members	11
Total	13

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

Discount rate	4.28%
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, 2025, the Town reported a total pension liability of \$262,352. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of \$17,896.

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 6,688	\$ 70,451
Changes of assumptions and other inputs	15,121	30,118
Benefit payments and administrative expenses subsequent to the measurement date.	9,174	-
Total	\$ 30,983	\$ 100,569

\$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, 2026. 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>	
2026	\$ (17,602)
2027	(22,316)
2028	(15,580)
2029	(14,098)
2030	(8,220)
Thereafter	(944)
	\$ (78,760)

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

	<b>1% Decrease (3.28%)</b>	<b>Discount Rate (4.28%)</b>	<b>1% Increase (5.28%)</b>
Total Pension Liability	\$ 288,599	\$ 262,352	\$ 238,854

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

	<b>2025</b>
Beginning balance	\$ 278,113
Service Cost	18,596
Interest on the total pension liability	10,758
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(19,705)
Changes of assumptions or other inputs	(7,063)
Benefit payments	(18,347)
Other changes	-
Ending balance of the total pension liability	\$ 262,352

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.

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

The actuarial assumptions used in the December 31, 2023 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.

***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	\$ 316,157	\$ 17,896	\$ 334,053
Pension Liability	1,059,153	262,352	1,321,505
Proportionate share of the net pension liability	0.01571%	N/A	
 Deferred of Outflows of Resources			
Differences between expected and actual experience	185,604	6,688	192,292
Changes of assumptions	-	15,121	15,121
Net difference between projected and actual earnings on plan investments	143,991	-	143,991
Changes in proportion and differences between contributions and proportionate share of contributions	33,331	-	33,331
Benefit payments and administrative costs paid subsequent to the measurement date	217,437	9,174	226,611
 Deferred of Inflows of Resources			
Differences between expected and actual experience	1,248	70,451	71,699
Changes of assumptions	-	30,118	30,118
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	23,011	-	23,011

**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, 2025 were \$130,276, which consisted of \$75,981 from the Town and \$54,295 from employees.

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

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, 2024, the date of the latest actuarial valuation:

	<b>General Employees</b>	<b>Law Enforcement Employees</b>
Retirees receiving benefits	-	2
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	15	11
Total	15	13

Total OPEB Liability

The Town’s total OPEB liability of \$478,637 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

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

Inflation	2.50%
Salary increases	
General Employees	3.25% to 8.41%
Law Enforcement Employees	3.25% to 7.90%
Discount rate	3.93%
Healthcare cost trend rates	
Pre-Medicare Medical and Prescription Drug	7.00 percent for 2024 decreasing to an ultimate rate of 4.50% by 2034

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, 2025

Changes in the Total OPEB Liability

<u>Total Changes in OPEB Liability</u>	<u>Total OPEB Liability</u>
Balance at June 30, 2024	\$ 727,105
Changes for the year	
Service cost	19,266
Interest	26,863
Change in benefit terms	-
Differences between expected and actual experience	(274,890)
Changes in assumptions or other inputs	1,273
Benefit payments	<u>(20,980)</u>
Net changes	<u>(248,468)</u>
Balance at June 30, 2025	<u>\$ 478,637</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.65% to 3.93%.

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, 2024 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 (3.93%) that is 1-percentage-point lower (2.93 percent) or 1-percentage-point higher (4.93 percent) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate (3.93%)</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 532,283	\$ 478,637	\$ 431,413

*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	\$ 426,592	\$ 478,637	\$ 540,768

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

For the year ended June 30, 2025, the Town recognized OPEB expense of \$13,355. At June 30, 2025, 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	\$ 90,728	\$ 447,582
Changes of assumptions	57,973	66,933
Benefit payments made and administrative expenses for OPEB made subsequent to the measurement date.	6,175	-
Total	<u>\$ 154,876</u>	<u>\$ 514,515</u>

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

\$6,175 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2026	\$ (37,114)
2027	(36,009)
2028	(33,968)
2029	(34,845)
2030	(46,679)
Thereafter	(177,199)
	\$ (365,814)

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	\$ 217,437
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.	6,175
Differences between expected and actual experience	283,020
Changes of assumptions	73,094
Net difference between projected and actual earnings on investments	143,991
Changes in proportion and differences between employer contributions and proportionate share of contributions	33,331
Total	\$ 766,222

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Deferred inflows of resources are comprised of the following:

	Statement of Net Position	Balance Sheet
Prepaid taxes (General Fund)	\$ 49	\$ 49
Taxes Receivable (General Fund)	-	60,748
Lease Receivable (Community Enhancement Fund)	91,399	91,399
Differences between expected and actual experience	519,281	-
Net difference between projected and actual earnings on pension plan investments	-	
Changes of assumptions	97,051	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	23,011	-
<b>Total</b>	<b>\$ 730,791</b>	<b>\$ 152,196</b>

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 \$530,000 and \$10,000, respectively. Two remaining clerks are bonded for \$10,000 each.

5. Claims, Judgments and Contingent Liabilities

At June 30, 2025, 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 Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Governmental Activities:					
Net Pension Liability (LGERS)	\$ 963,924	\$ 95,229	\$ -	\$ 1,059,153	\$ -
Total Pension Obligation (LEO)	278,113	-	(15,761)	262,352	-
OPEB Obligation	727,105	-	(248,468)	478,637	-
Compensated Absences	166,423	18,845	-	185,268	55,000
<b>Total Governmental Activities</b>	<b>\$ 2,135,565</b>	<b>\$ 114,074</b>	<b>\$ (264,229)</b>	<b>\$ 1,985,410</b>	<b>\$ 55,000</b>

The change in compensated absences liability is presented as a change.

The legal debt margin of the Town at June 30, 2025 was \$30,615,457.

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

C. Interfund Balances and Activity

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	Amount
* Community Enhancement Fund	General Fund	\$ 120,732
** Stormwater Capital Project	General Fund	41,589
** General Fund	Juniper Creek Stream Study Grant Project	10,000
** Al Woodard Park Improvements	General Fund	2,193
		<u>\$ 174,514</u>

\* 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.

\*\* These interfund balances are the result of using the general fund as a central depository and will clear at the end of the project period.

Transfers to/from Funds at June 30, 2025, consist of the following:

From Preibe Field Special Revenue Fund		
To Harnett County Recreation Courts Capital Project		\$ 3,000
To General Fund		5,335
From Community Enhancement Fund		
To General Fund		9,300
To Juniper Creek Stream Study Grant Project		10,000
To Harnett County Recreation Courts Capital Project		25,339
		<u>\$ 52,974</u>

The above transfers were related local matches for various projects.

D. Fund Balance

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

<b><i>Total fund balance-General Fund</i></b>	<b><i>\$6,652,906</i></b>
<b>Less:</b>	
<b>Stabilization by State Statute</b>	500,211
<b>Streets - Powell Bill</b>	403,200
<b>Public Safety</b>	6,257
<b>Appropriated Fund Balance in 2025-26 Budget</b>	215,000
<b>Remaining Fund Balance</b>	<u>5,528,238</u>

TOWN OF ERWIN, NORTH CAROLINA  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

NOTE 4: SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received proceeds from several federal and state grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant 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 December 10, 2025, the date which the financial statements were available for issue.

NOTE 6: RESTATEMENTS

Change in Accounting Principle

The Town implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, July 1, 2024. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As a result, the Town recognized an additional \$25,809 for governmental activities in compensated absences for sick leave as of June 30, 2024, resulting in a decrease in beginning net position of the same amounts.

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

## 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

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town's proportion of the net pension liability (asset) (%)	0.01571%	0.01455%	0.01559%	0.01392%	0.01508%	0.01519%	0.01609%	0.01357%	0.01517%	0.01742%
Town's proportion of the net pension liability (asset) (\$)	\$1,059,153	\$ 963,924	\$ 879,499	\$ 213,477	\$ 538,873	\$ 414,827	\$ 381,710	\$ 207,312	\$ 321,958	\$ 78,180
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
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	79.47%	86.54%	86.60%	20.72%	50.53%	41.22%	37.37%	23.01%	31.37%	7.19%
Plan fiduciary net position as a percentage of the total pension liability**	83.30%	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%

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

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

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

Local Government Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 217,437	\$ 179,287	\$ 140,336	\$ 118,819	\$ 108,449	\$ 99,826	\$ 81,866	\$ 80,671	\$ 68,823	\$ 71,136
Contributions in relation to the contractually required contribution	217,437	179,287	140,336	118,819	108,449	99,826	81,866	80,671	68,823	71,136
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town's covered - employee payroll	\$1,518,783	\$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
Contributions as a percentage of covered - employee payroll	14.32%	13.45%	12.60%	11.70%	10.53%	9.36%	8.13%	7.90%	7.64%	6.93%

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 278,113	\$ 330,004	\$ 368,597	\$ 414,983	\$ 304,626	\$ 332,188	\$ 321,589	\$ 357,021	\$ 360,299
Service Cost	18,596	15,150	21,810	19,637	14,433	11,100	12,962	11,046	12,114
Interest on the total pension liability	10,758	13,831	8,003	7,702	9,433	11,597	9,733	13,103	12,495
Changes of benefit terms	-	-	-	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(19,705)	(70,049)	11,318	(33,155)	18,820	(30,792)	26,629	(41,211)	-
Changes of assumptions or other inputs	(7,063)	7,369	(53,890)	(8,702)	98,234	7,703	(11,555)	16,771	(7,302)
Benefit payments	(18,347)	(18,192)	(25,834)	(31,868)	(30,563)	(27,170)	(27,170)	(35,141)	(20,585)
Other changes	-	-	-	-	-	-	-	-	-
Ending balance of the total pension liability	\$ 262,352	\$ 278,113	\$ 330,004	\$ 368,597	\$ 414,983	\$ 304,626	\$ 332,188	\$ 321,589	\$ 357,021

This schedule is intended to show 10 years of information, additional years' information will be displayed as it becomes available.  
The amounts presented for each fiscal year were determined as of the prior year ending December 31.  
The Town of Erwin has no assets accumulated in a trust that meets the criteria for a pension trust as defined by GASB Statement 67.

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

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total pension liability	\$ 262,352	\$ 278,113	\$ 330,004	\$ 368,597	\$ 414,983	\$ 304,626	\$ 332,188	\$ 321,589	\$ 357,021
Covered-employee payroll	618,536	534,147	553,527	455,480	506,793	424,288	440,227	387,709	394,851
Total pension liability as a percentage of covered - employee payroll	42.41%	52.07%	59.62%	80.92%	81.88%	71.80%	75.46%	82.95%	90.42%

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, 2025

Total Other Postemployment Benefits (OPEB) Liability	2025	2024	2023	2022	2021	2020	2019
Service Cost at the end of the year	\$ 19,266	\$ 19,099	\$ 29,195	\$ 29,717	\$ 30,719	\$ 25,276	\$ 28,385
Interest on Total OPEB Liability and cash flows	26,863	25,749	15,933	15,377	33,472	29,739	21,817
Changes in benefit terms	-	-	-	-	-	110,856	-
Differences between expected and actual experience	(274,890)	(6,171)	57,032	8,352	(346,512)	(2,468)	120,825
Changes of assumptions or other inputs	1,273	(7,308)	(75,689)	17,340	51,448	27,306	16,425
Benefit payments and implicit subsidy credit	(20,980)	(24,836)	(28,515)	(28,343)	(28,929)	(30,157)	(41,355)
Net change in OPEB liability	(248,468)	6,533	(2,044)	42,443	(259,802)	160,552	146,097
Total OPEB liability - beginning	727,105	720,572	722,616	680,173	939,975	779,423	633,326
Total OPEB liability - ending	\$ 478,637	\$ 727,105	\$ 720,572	\$ 722,616	\$ 680,173	939,975	779,423
Covered - employee payroll	1,309,907	984,213	984,213	1,012,687	1,012,687	1,006,350	1,021,420
Total OPEB liability as a percentage of covered payroll	36.54%	73.88%	73.21%	71.36%	67.17%	93.40%	76.31%

Notes to the schedules:

This schedule is intended to show 10 years of information, additional years' information will be displayed as it becomes available.

The Town has no assets accumulated in a trust that meets the criteria for an OPEB trust as defined by GASB Statement 68.

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
2025	3.93%
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, 2025

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
<b>Revenues:</b>			
Ad valorem taxes:			
Ad valorem taxes	\$	\$ 1,823,951	\$
Penalties and interest		20,325	
Total	<u>1,778,968</u>	<u>1,844,276</u>	<u>65,308</u>
Other taxes and licenses:			
Fire protection charges		361,746	
Auto licenses		27,709	
Total	<u>394,058</u>	<u>389,455</u>	<u>(4,603)</u>
Unrestricted intergovernmental:			
Local option sales taxes		1,113,086	
Gasoline tax refund		11,095	
Telecommunications tax		14,203	
Utility franchise tax		186,775	
Piped natural gas		16,696	
Video franchise fee		9,113	
Solid Waste Disposal Tax		3,587	
Beer and wine tax		17,597	
Total	<u>1,270,880</u>	<u>1,372,152</u>	<u>101,272</u>
Restricted intergovernmental:			
Powell Bill Allocation		181,262	
Controlled Substance Tax		286	
Grants		2,375	
Total	<u>160,000</u>	<u>183,923</u>	<u>23,923</u>
Permits and fees:			
Business registration fees		357	
Zoning permits		21,602	
Court fees		378	
Total	<u>20,200</u>	<u>22,337</u>	<u>2,137</u>
Sales and services:			
School Resource Officers		76,476	
Recreation department			
Concessions, sponsorships & donations		7,158	
Sponsors donations/entry fees		56,815	
Mowing Contract		10,470	
Collection fees		8,133	
Garbage and storm water		522,172	
Total	<u>702,817</u>	<u>681,224</u>	<u>(21,593)</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, 2025

	Budget	Actual	Variance Over (Under)
<b>Other Revenues:</b>			
Investment earnings		215,062	
Donations		2,990	
Miscellaneous		24,113	
Total Other Revenues	<u>202,394</u>	<u>242,165</u>	<u>39,771</u>
Total Revenues	<u>4,529,317</u>	<u>4,735,532</u>	<u>206,215</u>
<b>Expenditures:</b>			
General Government:			
Governing Body:			
Salaries		19,800	
Benefits		1,514	
Other Operating Expenses		12,551	
Capital Outlay		-	
Total Governing Body	<u>35,085</u>	<u>33,865</u>	<u>1,220</u>
Administration:			
Salaries		263,791	
Benefits		100,078	
Professional Expenses		16,759	
General Insurance		102,989	
Other Operating Expenses		221,202	
Capital Outlay		-	
Total Administration	<u>813,541</u>	<u>704,819</u>	<u>108,722</u>
Planning:			
Salaries		106,123	
Benefits		43,315	
Contracted Services		26,924	
Other Operating Expenses		6,105	
Capital Outlay		-	
Total Administration	<u>248,784</u>	<u>182,467</u>	<u>66,317</u>
ARPA Revenue Replacement Expense Offset		<u>(21,024)</u>	<u>21,024</u>
Total General Government	<u>1,097,410</u>	<u>900,127</u>	<u>197,283</u>
Public safety:			
Police:			
Salaries		799,608	
Benefits		318,623	
Other Operating Expenses		179,709	
Capital Outlay		144,229	
Total	<u>1,514,743</u>	<u>1,442,169</u>	<u>72,574</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, 2025

	Budget	Actual	Variance Over (Under)
Fire:			
Contract Services		361,747	
Total	364,558	361,747	2,811
ARPA Revenue Replacement Expense Offset		(45,705)	45,705
Total Public Safety	1,879,301	1,758,211	121,090
Streets:			
Salaries		144,893	
Benefits		60,944	
Other Operating Expenses		183,837	
Capital Outlay		-	
Powell Bill		13,619	
Contracted Services		5,080	
ARPA Revenue Replacement Expense Offset		(8,227)	
Total Transportation	696,124	400,146	295,978
Public works:			
Administration			
Salaries		77,125	
Benefits		28,144	
Other Operating Expenses		26,117	
Capital Outlay		-	
Total Administration	135,860	131,386	4,474
Storm Water:			
Other Operating Expenses		60,856	
Capital Outlay		-	
Total Storm Water	71,400	60,856	10,544
ARPA Revenue Replacement Expense Offset		(7,312)	7,312
Total Public Works	207,260	184,930	22,330
Environmental protection:			
Sanitation:			
Other Operating Expenses		21,873	
Contracted Services		321,311	
Capital Outlay		-	
Total Environmental Protection	343,759	343,184	575

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, 2025

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
Culture and recreation:			
Parks and recreation:			
Salaries		193,798	
Benefits		61,389	
Contracted Services		30,540	
Other Operating Expenses		124,515	
Capital Outlay		-	
Total parks and recreation	<u>411,172</u>	<u>410,242</u>	<u>930</u>
Community and library building:			
Contracted Services		3,154	
Other Operating Expenses		6,538	
Capital Outlay		-	
Total community and library building	<u>26,000</u>	<u>9,692</u>	<u>16,308</u>
ARPA Revenue Replacement Expense Offset	<u>-</u>	<u>(9,141)</u>	<u>9,141</u>
Total Culture and Recreation	<u>437,172</u>	<u>410,793</u>	<u>26,379</u>
Total Expenditures	<u>4,661,026</u>	<u>3,997,391</u>	<u>663,635</u>
Revenues over (under) expenditures	<u>(131,709)</u>	<u>738,141</u>	<u>869,850</u>
Other Financing Sources (Uses):			
Transfers To/From Other Funds:			
From Other Funds	91,409	-	(91,409)
From Textile Museum	9,300	9,300	-
From Priebe Field	8,000	5,335	(2,665)
Total Other Financing Sources(Uses)	<u>108,709</u>	<u>14,635</u>	<u>(94,074)</u>
Fund Balance Appropriated	<u>23,000</u>	-	<u>(23,000)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>752,776</u>	<u>\$ 752,776</u>
Fund Balances, beginning		<u>5,900,130</u>	
Fund Balances, ending		<u>\$ 6,652,906</u>	

Town of Erwin, North Carolina  
**Stormwater Capital Projects Fund**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over (Under)</u>
Revenues:					
Restricted Intergovernmental Grant	\$ 492,500	\$ -	\$ 95,449	\$ 95,449	\$ (397,051)
Donations	-	-	-	-	-
Total Revenue	<u>492,500</u>	<u>-</u>	<u>95,449</u>	<u>95,449</u>	<u>(397,051)</u>
Expenditures:					
Capital Outlay		-	95,449	95,449	
Total Expenditures	<u>492,500</u>	<u>-</u>	<u>95,449</u>	<u>95,449</u>	<u>397,051</u>
Revenues and Other Sources Over Other Uses	<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  
**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, 2025

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over (Under)</u>
<b>Revenues:</b>					
Restricted Intergovernmental					
Federal Grant	\$ 1,643,204	\$ 1,551,795	\$ 91,409	\$ 1,643,204	\$ -
Total Revenue	<u>1,643,204</u>	<u>1,551,795</u>	<u>91,409</u>	<u>1,643,204</u>	<u>-</u>
<b>Expenditures:</b>					
General Government		284,301	21,024	305,325	
Public Safety		668,791	45,705	714,496	
Cultural and Recreational		132,409	9,141	141,550	
Public Works		164,479	7,312	171,791	
Transportation					
Payroll Cost		74,114	8,227	82,341	
Capital Outlay		227,701	-	227,701	
Total Expenditures	<u>1,643,204</u>	<u>1,551,795</u>	<u>91,409</u>	<u>1,643,204</u>	<u>-</u>
Revenues and Other Sources					
Over Expenditures and Other Uses	\$ <u>-</u>	\$ <u>-</u>	-	\$ <u>-</u>	\$ <u>-</u>
<b>Fund Balance</b>					
Fund Balances, beginning			-		
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, 2025

	<u>Budget</u>	<u>Actual</u>	Variance Over (Under)
Revenues:			
Sales and services:			
Land Lease	\$ 28,892	\$ 24,862	\$ (4,030)
Interest	8,301	8,301	-
Interest on Lease Receivable	-	6,298	6,298
Total Revenue	<u>37,193</u>	<u>39,461</u>	<u>2,268</u>
Other Financing Sources(Uses)			
Transfers - In (Out)			
To Other Funds	<u>(44,639)</u>	<u>(44,639)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(44,639)</u>	<u>(44,639)</u>	<u>-</u>
Fund Balance Appropriated	<u>7,446</u>	<u>-</u>	<u>(7,446)</u>
Revenues and Other Sources Over Other Uses	<u>\$ -</u>	<u>(5,178)</u>	<u>\$ (5,178)</u>
Fund Balance			
Fund Balances, beginning		<u>2,754,117</u>	
Fund Balances, ending		<u>\$ 2,748,939</u>	

Town of Erwin, North Carolina  
**Combining Balance Sheet**  
**Nonmajor Governmental Fund**  
For the Fiscal Year Ended June 30, 2025

	SCIF Grant Community Bldg Capital Project	SCIF Grant Al Woodal PK Lot Capital Project	Priebe Field Special Revenue Fund	SCIF Grant Eco-Denim Junction Capital Project	Harnett County Recreation Courts Capital Project	Al Woodall Park Improvements	Juniper Creek Stream Study Grant Project	Total Nonmajor Governmental Funds
<b>Assets</b>								
Cash and Cash Equivalents	\$ -	\$ -	\$ 24,531	\$ -	\$ -	\$ -	\$ -	\$ 24,531
Restricted Cash	-	311,136	-	499,891	-	442,980	-	1,254,007
Due From Other Governments	-	3,148	-	-	-	-	-	3,148
Due From Other Funds	-	-	-	-	-	2,193	10,000	12,193
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 314,284</b>	<b>\$ 24,531</b>	<b>\$ 499,891</b>	<b>\$ -</b>	<b>\$ 445,173</b>	<b>\$ 10,000</b>	<b>\$ 1,293,879</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>-</b>	<b>-</b>
<b>Fund Balance:</b>								
<b>Restricted</b>								
Stabilization by State Statute	-	3,148	-	-	-	2,193	10,000	15,341
Economic Development	-	-	-	499,891	-	-	-	499,891
Cultural and Recreation	-	311,136	-	-	-	442,980	-	754,116
<b>Committed</b>								
Economic Development	-	-	-	-	-	-	-	-
Cultural and Recreation	-	-	24,531	-	-	-	10,000	34,531
<b>Unassigned</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(10,000)</b>	<b>(10,000)</b>
<b>Total Fund Balances</b>	<b>-</b>	<b>314,284</b>	<b>24,531</b>	<b>499,891</b>	<b>-</b>	<b>445,173</b>	<b>10,000</b>	<b>1,293,879</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 314,284</b>	<b>\$ 24,531</b>	<b>\$ 499,891</b>	<b>\$ -</b>	<b>\$ 445,173</b>	<b>\$ 10,000</b>	<b>\$ 1,293,879</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, 2025

	SCIF Grant Community Bldg Capital Project	SCIF Grant Al Woodal PK Lot Capital Project	Priebe Field Special Revenue Fund	SCIF Grant Eco-Denim Junction Capital Project	Harnett County Recreation Courts Capital Project	Al Woodall Park Improvements	Juniper Creek Stream Study Grant Project	Total Nonmajor Governmental Funds
<b>Revenues:</b>								
Restricted Intergovernmental								
State Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Miscellaneous Income	-	-	-	-	-	1,000	-	1,000
Total Revenue	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,000</u>
<b>Expenditures:</b>								
General Government	93,114	-	-	-	-	-	-	93,114
Cultural and Recreational	-	58,581	-	-	78,339	-	-	136,920
Total Expenditures	<u>93,114</u>	<u>58,581</u>	<u>-</u>	<u>-</u>	<u>78,339</u>	<u>-</u>	<u>-</u>	<u>230,034</u>
Revenues Over(Under) Expenditures	<u>(93,114)</u>	<u>(58,581)</u>	<u>-</u>	<u>-</u>	<u>(78,339)</u>	<u>1,000</u>	<u>-</u>	<u>(229,034)</u>
<b>Other Financing Sources(Uses)</b>								
Transfers - In (Out)								
Transfers Out	-	-	(8,335)	-	-	-	-	(8,335)
Transfers In	-	-	-	-	28,339	-	10,000	38,339
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>(8,335)</u>	<u>-</u>	<u>28,339</u>	<u>-</u>	<u>10,000</u>	<u>30,004</u>
Revenues and Other Sources Over Other Uses	(93,114)	(58,581)	(8,335)	-	(50,000)	1,000	10,000	(199,030)
<b>Fund Balance</b>								
Fund Balances, beginning	93,114	372,865	32,866	499,891	50,000	444,173	-	1,492,909
Fund Balances, ending	<u>\$ -</u>	<u>\$ 314,284</u>	<u>\$ 24,531</u>	<u>\$ 499,891</u>	<u>\$ -</u>	<u>\$ 445,173</u>	<u>\$ 10,000</u>	<u>\$ 1,293,879</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, 2025

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over (Under)</u>
Revenues:					
Restricted Intergovernmental					
SCIF Grant	\$ 100,000	\$ 100,000	\$ -	\$ 100,000	\$ -
Total Revenue	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>100,000</u>	<u>-</u>
Expenditures:					
Operating Expenditures		6,886	93,114	100,000	
Capital Outlay		-	-	-	
Total Expenditures	<u>100,000</u>	<u>6,886</u>	<u>93,114</u>	<u>100,000</u>	<u>-</u>
Revenues Over(Under)					
Expenditures	<u>\$ -</u>	<u>\$ 93,114</u>	<u>\$ (93,114)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance					
Fund Balances, beginning			<u>93,114</u>		
Fund Balances, ending			<u>\$ -</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, 2025

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over (Under)</u>
Revenues:					
Restricted Intergovernmental					
SCIF	\$ 480,000	\$ 480,000	\$ -	\$ 480,000	\$ -
Total Revenue	<u>480,000</u>	<u>480,000</u>	<u>-</u>	<u>480,000</u>	<u>-</u>
Expenditures:					
Cultural and Recreational					
Capital Outlay	480,000	107,135	58,581	165,716	314,284
Total Expenditures	<u>480,000</u>	<u>107,135</u>	<u>58,581</u>	<u>165,716</u>	<u>314,284</u>
Revenues and Other Sources					
Over Other Uses	<u>\$ -</u>	<u>\$ 372,865</u>	(58,581)	<u>\$ 314,284</u>	<u>\$ 314,284</u>
Fund Balance					
Fund Balances, beginning			372,865		
Fund Balances, ending			<u>\$ 314,284</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, 2025

	Budget	Actual	Variance Over (Under)
Revenues:			
Donation and Field Rental		\$	
Total Revenue	\$ -	-	\$ -
Expenditures:			
Cultural and Recreation			
Operating Expenses			
Total Expenditures	-	-	-
Revenues Over(Under)			
Expenditures	-	-	-
Other Financing Sources(Uses)			
Transfers - In (Out)			
From/(To) General Fund	(8,335)	(8,335)	-
Total Other Financing Sources (Uses)	(8,335)	(8,335)	-
Fund Balance Appropriated	8,335	-	(8,335)
Revenues and Other Sources Over Other Uses	\$ -	(8,335)	\$ (8,335)
Fund Balance			
Fund Balances, beginning		32,866	
Fund Balances, ending		\$ 24,531	

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, 2025

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over (Under)</u>
Revenues:					
Restricted Intergovernmental					
SCIF Grant	\$ 500,000	\$ 500,000	\$ -	\$ 500,000	\$ -
Interest	-	-	-	-	-
Total Revenue	<u>500,000</u>	<u>500,000</u>	<u>-</u>	<u>500,000</u>	<u>-</u>
Expenditures:					
Economic Development					
Operating Expenses	500,000	109	-	109	499,891
Total Expenditures	<u>500,000</u>	<u>109</u>	<u>-</u>	<u>109</u>	<u>499,891</u>
Revenues and Other Sources Over Other Uses	<u>\$ -</u>	<u>\$ 499,891</u>	-	<u>\$ 499,891</u>	<u>\$ 499,891</u>
Fund Balance					
Fund Balances, beginning			<u>499,891</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

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over (Under)</u>
Revenues:					
Restricted Intergovernmental					
Grant	\$ 50,000	\$ 50,000	\$ -	\$ 50,000	\$ -
Total Revenue	<u>50,000</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>	<u>-</u>
Expenditures:					
Capital Outlay			78,339		
Total Expenditures	<u>78,339</u>	<u>-</u>	<u>78,339</u>	<u>78,339</u>	<u>-</u>
Revenues Over(Under)					
Expenditures	<u>(28,339)</u>	<u>50,000</u>	<u>(78,339)</u>	<u>(28,339)</u>	<u>-</u>
Other Financing Sources(Uses)					
Transfers - In (Out)					
From/(To) Other Funds	<u>28,339</u>	<u>-</u>	<u>28,339</u>	<u>28,339</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>28,339</u>	<u>-</u>	<u>28,339</u>	<u>28,339</u>	<u>-</u>
Revenues and Other Sources					
Over Other Uses	<u>\$ -</u>	<u>\$ 50,000</u>	<u>(50,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance					
Fund Balances, beginning			<u>50,000</u>		
Fund Balances, ending			<u>\$ -</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, 2025

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Over (Under)</u>
Revenues:					
Restricted Intergovernmental					
State Grant	\$ 339,678	\$ 321,264	\$ -	\$ 321,264	\$ (18,414)
Donation	195,000	86,100	1,000	87,100	(107,900)
Total Revenue	<u>534,678</u>	<u>407,364</u>	<u>1,000</u>	<u>408,364</u>	<u>(126,314)</u>
Expenditures:					
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>(235,183)</u>	<u>1,000</u>	<u>(234,183)</u>	<u>(89,505)</u>
Other Financing Sources(Uses)					
Transfer in - Enhancement Fd	<u>144,678</u>	<u>679,356</u>	<u>-</u>	<u>679,356</u>	<u>534,678</u>
Total Other Financing Sources (Uses)	<u>144,678</u>	<u>679,356</u>	<u>-</u>	<u>679,356</u>	<u>534,678</u>
Revenues and Other Sources					
Over Other Uses	<u>\$ -</u>	<u>\$ 444,173</u>	1,000	<u>\$ 445,173</u>	<u>\$ 445,173</u>
Fund Balance					
Fund Balances, beginning			<u>444,173</u>		
Fund Balances, ending			<u>\$ 445,173</u>		

Town of Erwin, North Carolina  
**Juniper Creek Stream Study Grant Project**  
**Schedule of Revenues, Expenditures and**  
**Changes in Fund Balance-Budget and Actual**  
For the Fiscal Year Ended June 30, 2025

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over (Under)
<b>Revenues:</b>					
Restricted Intergovernmental:					
Grant	\$ 10,000	\$ -	\$ -	\$ -	\$ (10,000)
Total Revenue	<u>10,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,000)</u>
<b>Expenditures:</b>					
Cultural and Recreation					
Operating Expenses		-	-	-	
Capital Outlay		-	-	-	
Total Expenditures	<u>20,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>
Revenues Over(Under)					
Expenditures	<u>(10,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,000</u>
<b>Other Financing Sources(Uses)</b>					
Transfers - In (Out)					
From/(To)					
Enhancement Fund	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>10,000</u>	<u>-</u>	<u>10,000</u>	<u>10,000</u>	<u>-</u>
Revenues and Other Sources Over Other Uses	<u>\$ -</u>	<u>\$ -</u>	10,000	<u>\$ 10,000</u>	<u>\$ 10,000</u>
<b>Fund Balance</b>					
Fund Balances, beginning			-		
Fund Balances, ending			<u>\$ 10,000</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, 2025

<u>Fiscal Year</u>	<u>Uncollected Balance July 1, 2024</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2025</u>
2024 - 2025	\$ -	\$ 2,200,486	\$ 2,165,027	\$ 35,459
2023 - 2024	27,434	-	15,770	11,664
2022 - 2023	10,284	-	2,042	8,242
2021 - 2022	6,721	-	770	5,951
2020 - 2021	4,719	-	550	4,169
2019 - 2020	3,475	-	506	2,969
2018 - 2019	2,581	-	337	2,244
2017 - 2018	2,185	-	298	1,887
2016 - 2017	1,608	-	159	1,449
2015 - 2016	1,229	-	136	1,093
2014 - 2015	1,095	-	1,095	-
	<u>\$ 61,331</u>	<u>\$ 2,200,486</u>	<u>\$ 2,186,690</u>	<u>\$ 75,127</u>
Less: Allowance for uncollectable accounts:				
	General Fund			(15,000)
Add				
	Auto Tags Receivable			621
	Ad valorem taxes receivable - net			<u>\$ 60,748</u>
<u>Reconciliation with revenues:</u>				
	Ad valorem taxes - General Fund			\$ 1,844,276
	Fire protection charges - General Fund			361,746
Reconciling items:				
	Interest collected			(20,325)
	Releases			993
	Subtotal			<u>(19,332)</u>
	Total collections and credits			<u>\$ 2,186,690</u>

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

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate (including fire tax)	\$ 382,693,217	0.575	\$ 2,200,486	\$ 1,942,032	\$ 258,454
Total	<u>382,693,217</u>		<u>2,200,486</u>	<u>1,942,032</u>	<u>258,454</u>
 Total property valuation	 \$ <u>382,693,217</u>				
 Net levy			 2,200,486	 1,942,032	 258,454
 Uncollected taxes at June 30, 2025			 <u>35,459</u>	 <u>35,459</u>	 <u>-</u>
 Current year's taxes collected			 <u>\$ 2,165,027</u>	 <u>\$ 1,906,573</u>	 <u>\$ 258,454</u>
 Current levy collection percentage			 <u>98.36%</u>	 <u>98.17%</u>	 <u>100.00%</u>

TOWN OF ERWIN

ERWIN, NORTH CAROLINA

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COMPLIANCE SECTION

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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, 2025, 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 December 10, 2025.

**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, 2025-001.

**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

December 10, 2025



Town of Erwin, North Carolina  
Schedule of Findings and Responses  
For the Fiscal Year Ended June 30, 2025

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**Section II – Financial Statement Findings**

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SIGNIFICANT DEFICIENCIES

2025 – 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, 2024-001.

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 66 in this audit report.



## **Town of Erwin**

**100 West F. Street  
Erwin, NC 28339**

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

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### **Section II – Financial Statement Findings**

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#### SIGNIFICANT DEFICIENCY

2025 – 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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