

**Town of Mount Olive
Mount Olive, North Carolina**

Audited Financial Statements

Year Ended June 30, 2024



Town of Mount Olive, North Carolina

Audited Financial Statements

For the Year Ended June 30, 2024

Board of Commissioners

J. Jerome Newton, Mayor

Barbara Kornegay, Mayor Pro-Tem

Delreese Simmons

Danny Keel

Tommy Brown

Vicky Darden

Administrative Officers

Jamie Butler, Finance Officer

Jammie Royall, Town Manager

W. Carroll Turner, Town Attorney

Town of Mount Olive, North Carolina
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Financial Section

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Commissioners
Mount Olive, North Carolina

Report on the Audit of Financial Statements

Opinion

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mount Olive, North Carolina, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

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 Mount Olive, North Carolina, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Audit of the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Mount Olive, North Carolina's ability to continue as a going concern for 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 from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and Governmental Auditing Standards will always detect a material misstatement when it exists.

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

In performing an audit in accordance with generally accepted auditing standards and Governmental Auditing Standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Mount Olive, North Carolina'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 Mount Olive, North Carolina'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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11, the Local Government Employee's Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions on pages 56 and 57, and the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 58 and 59 be presented to supplement the basic financial statements. Such information, 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 and Other Information

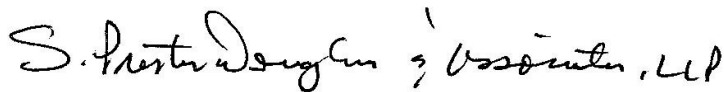
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Mount Olive, North Carolina. The combining and individual fund statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures performed as described above, the combining and individual fund financial statements, budgetary schedules, 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 November 29, 2024 on our consideration of the Town of Mount Olive's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, and other matters. The purpose of the 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 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 Mount Olive's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "S. Preston Douglas & Associates, LLP". The signature is written in a cursive style.

Lumberton, North Carolina
November 29, 2024

Management's Discussion and Analysis

Town of Mount Olive, North Carolina
Management's Discussion and Analysis
June 30, 2024

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

Financial Highlights

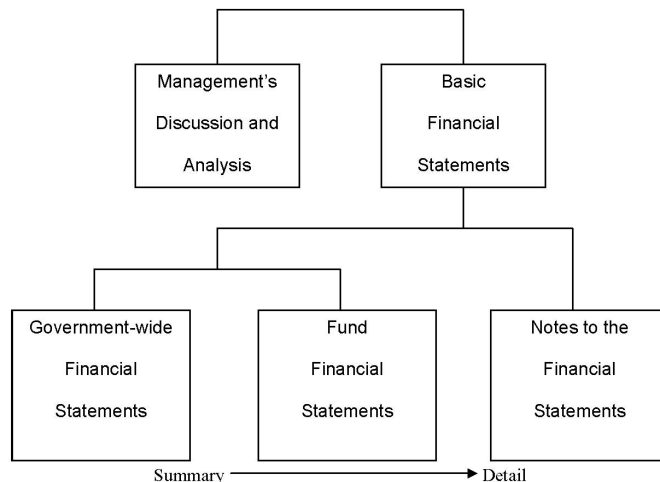
- The assets and deferred outflows of resources of the Town of Mount Olive exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$37,049,834.
- The government's total net position increased in the amount of \$1,295,791 due to an increase in business-type activities totaling \$558,088 and an increase in governmental activities totaling \$737,703.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$3,588,543. Approximately 24.97% of this total amount, or \$895,914, is available for spending at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$895,914 or 16.52% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Mount Olive's basic financial statements. The Town's basic financial statements comprise 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 also contains other supplementary information that will enhance the reader's understanding of the financial condition of the Town of Mount Olive.

Required Components of Annual Financial Report

Figure 1



Town of Mount Olive, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2024

Basic Financial Statements

The first two statements 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 are Fund Financial Statements. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements.

There are three parts to the Fund Financial Statements: 1) the governmental funds statements, 2) the budgetary comparison statements, and 3) the proprietary fund statements.

The next section of the basic financial statements is the **Notes to the Financial Statements**. The notes 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 can also be found in this part of the statements.

Government-Wide Financial Statements.

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, in a manner similar to the 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 they have changed. Net position is the difference between the Town's total assets and deferred outflows of resources and total liabilities and deferred inflow of resources. Measuring net position is one way to gage the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as general government, public safety, and cultural and recreation. Property taxes and State and federal grant funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. This includes the water and sewer services offered by the Town of Mount Olive.

The government-wide financial statements can be found on pages 12 and 13 of this report.

Fund Financial Statements.

The fund financial statements provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Mount Olive, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

Town of Mount Olive, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2024

Governmental Funds. Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and monies that are unexpended 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 determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Mount Olive 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.

Governmental Funds (continued). The statement shows four columns: 1) the original budget as adopted by the board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

Proprietary Funds. The Town of Mount Olive maintains one type of proprietary fund called an Enterprise Fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses the enterprise fund to account for its water and sewer activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and Statement of Activities.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund, which is considered a major fund of the Town.

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 can be found on pages 23-59 of this report.

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

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

Town of Mount Olive, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2024

Government-Wide Financial Analysis

The Town of Mount Olive's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	\$ 4,427,692	\$ 4,071,706	\$ 9,606,713	\$ 2,838,567	\$14,034,405	\$ 6,910,273
Capital assets	4,363,655	3,845,460	35,351,112	34,253,953	39,714,767	38,099,413
Deferred outflows of resources	1,029,681	1,028,396	494,682	477,084	1,524,363	1,505,480
Total assets and deferred outflows of resources	9,821,028	8,945,562	45,452,507	37,569,604	55,273,535	46,515,166
Long-term liabilities outstanding	22,415	100,514	6,966,106	6,304,255	6,988,521	6,404,769
Other liabilities	3,121,117	2,974,696	324,306	1,256,692	3,445,423	4,231,388
Deferred inflows of resources	185,784	116,343	7,603,973	8,623	7,789,757	124,966
Total liabilities and deferred inflows of resources	3,329,316	3,191,553	14,894,385	7,569,570	18,223,701	10,761,123
Net position:						
Net investment in capital assets	3,703,420	3,077,667	29,238,441	27,949,698	32,941,861	31,027,365
Restricted	1,515,660	1,361,665	-	-	1,515,660	1,361,665
Unrestricted	1,272,632	1,314,677	1,319,681	2,050,336	2,592,313	3,365,013
Total net position	\$ 6,491,712	\$ 5,754,009	\$30,558,122	\$30,000,034	\$37,049,834	\$35,754,043

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred inflows of the Town exceeded liabilities and deferred outflows by \$37,049,834 as of June 30, 2024. The Town's net position increased by \$1,295,791 for the fiscal year ended June 30, 2024.

The largest portion of the Town's net position (88.91%) reflects the Town's net investment in capital assets (e.g., land, buildings, machinery and equipment, and infrastructure). The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should note that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town of Mount Olive's net position, \$1,515,660, represents the Town's resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,592,313 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 97.50%.

Town of Mount Olive, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2024

Government-Wide Financial Analysis (continued)

The Town of Mount Olive's Changes in Net Position
Figure 3

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Revenues:						
Program revenues:						
Charges for services	\$ 736,372	\$ 689,844	\$ 4,012,937	\$ 3,688,810	\$ 4,749,309	\$ 4,378,654
Operating grants and contributions	564,889	875,084	-	10,767	564,889	885,851
Capital grants and contributions	320,799	444,068	1,474,319	2,527,440	1,795,118	2,971,508
General revenues:						
Property taxes	2,011,112	1,930,655	-	-	2,011,112	1,930,655
Other taxes	7,851	8,949	-	-	7,851	8,949
Investment earnings	31,064	58,661	-	-	31,064	58,661
restricted to specific programs	1,976,138	1,878,157	-	-	1,976,138	1,878,157
Other	82,683	70,026	61,154	80,658	143,837	150,684
Total revenues	5,730,908	5,955,444	5,548,410	6,307,675	11,279,318	12,263,119
Expenses:						
General government	2,140,317	1,966,627	-	-	2,140,317	1,966,627
Public safety	2,644,467	2,509,360	-	-	2,644,467	2,509,360
Transportation	103,693	165,125	-	-	103,693	165,125
Environmental protection	536,365	534,027	-	-	-	534,027
Cultural and recreation	396,624	407,614	-	-	396,624	407,614
Interest on long-term debt	11,792	23,711	-	-	11,792	23,711
Water and sewer	-	-	3,753,513	3,722,174	3,753,513	3,722,174
Municipal airport	-	-	396,756	467,460	396,756	467,460
Total expenses	5,833,258	5,606,464	4,150,269	4,189,634	9,447,162	9,796,098
Increase (decrease) in net position before transfers	(102,350)	348,980	1,398,141	2,118,041	1,832,156	2,467,021
Transfers	840,053	(569,499)	(840,053)	569,499	-	-
Increase (decrease) in net position	737,703	(220,519)	558,088	2,687,540	1,295,791	2,467,021
Net position - beginning	5,754,009	5,974,528	30,000,034	27,312,494	35,754,043	33,287,022
Net position - ending	\$6,491,712	\$5,754,009	\$30,558,122	\$30,000,034	\$37,049,834	\$35,754,043

Capital and operating grants for governmental activities furnished resources to support the five functions of the Town: general government, public safety, transportation, cultural and recreation, and non-departmental.

Business-type activities. Business-type activities increased the Town's net position by \$558,088 compared to prior year increase of \$2,687,540. Key elements of the change in net position compared to prior year are as follows:

- \$840,053 transfer to the General Fund to correctly allocate ARPA funds in accordance with the Town's SLFRF Compliance Report.
- \$1,474,319 in capital grants and contributions compared to \$2,527,440 in the prior year.

Town of Mount Olive, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2024

Government-Wide Financial Analysis (continued)

Financial Analysis of the Government's Funds

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

Governmental Funds. The focus of the Town'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's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of Mount Olive. At the end of the current fiscal year, the Town's fund balance restricted in the General Fund was \$1,515,660 while total fund balance reached \$2,411,574. Of this total amount, \$895,914 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that funds are not available for spending because these funds have already been committed 1) to liquidate contracts and purchase orders of the prior year, or 2) for a variety of other restricted purposes.

As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 16.36% of total General Fund expenditures.

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:

- Amendments that adjust for the estimates that are prepared for the original budget ordinance, once exact information is available.
- Amendments that recognize new funding from external sources, such as federal and State grants.
- Amendments that appropriate increases that becomes necessary to maintain services.

Proprietary Funds. The Town of Mount Olive's proprietary funds provide the same type of information found in the governmental-wide financial statements, but in more detail.

Unrestricted net position of the Water and Sewer Fund and the Airport Fund at the end of the fiscal year amounted to a combined balance of \$1,319,681. Other factors concerning this fund have been discussed in the Town's business-type activities.

Town of Mount Olive, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2024

Capital Assets and Debt Administration

The Town of Mount Olive's investments in capital assets for its governmental and business-type activities as of June 30, 2024, totals \$39,714,767 (net of accumulated depreciation). The investments in capital assets includes buildings, land, infrastructure, machinery and equipment, park facilities, and vehicles.

Major asset transactions during the year include the following:

- Business-type construction costs in the amount of \$1,065,529 in the Wastewater Treatment Capital Project Fund.
- Business-type construction cost in the amount of \$280,829 for the Municipal Airport Capital Project Fund.

The Town of Mount Olive's Capital Assets
(net of depreciation)
Figure 4

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Land	\$ 424,581	\$ 415,539	\$ 281,773	\$ 281,773	\$ 706,354	\$ 697,312
Buildings and system	387,652	397,618	22,432,001	22,744,274	22,819,653	23,141,892
Improvements	1,066,027	1,130,621	1,334,444	1,385,604	2,400,471	2,516,225
Infrastructure	220,477	227,401	-	-	220,477	227,401
Vehicles and motorized equipment	1,636,914	1,674,281	475,544	361,310	2,112,458	2,035,591
Construction and progress	628,004	-	10,827,350	9,480,992	11,455,354	9,480,992
Total capital assets, net	<u>\$ 4,363,655</u>	<u>\$ 3,845,460</u>	<u>\$ 35,351,112</u>	<u>\$ 34,253,953</u>	<u>\$ 39,714,767</u>	<u>\$ 38,099,413</u>

Additional information on the Town's capital assets can be found in the notes on page 33 of this report.

Long-term debt. At the end of the current fiscal year, the Town of Mount Olive had total debt outstanding of \$9,564,636.

The Town of Mount Olive's Outstanding Liabilities
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2024	2023	2024	2023	2024	2023
Direct placement installment purchase	\$ 509,592	\$ 544,860	\$ -	\$ 39,328	\$ 509,592	\$ 584,188
Capital leases	150,643	222,933	8,285	14,197	158,928	237,130
General obligation bonds	-	-	3,798,493	3,916,000	3,798,493	3,916,000
Revenue bonds	-	-	2,283,544	2,334,730	2,283,544	2,334,730
Net pension obligation (LGERS)	1,507,929	1,330,217	803,528	711,979	2,311,457	2,042,196
Total pension obligation (LEO)	434,420	505,823	-	-	434,420	505,823
Compensated absences	47,884	92,283	20,318	65,879	68,202	158,162
Total outstanding debt	<u>\$ 2,650,468</u>	<u>\$ 2,696,116</u>	<u>\$ 6,914,168</u>	<u>\$ 7,082,113</u>	<u>\$ 9,564,636</u>	<u>\$ 9,778,229</u>

Town of Mount Olive, North Carolina
Management's Discussion and Analysis (continued)
June 30, 2024

Capital Assets and Debt Administration (continued)

North Carolina's General Statutes limit the amount of general obligation debt that a governmental unit 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 Mount Olive is presently at \$25,271,200 (the amount of additional debt the town could obligate itself to under NC General Statute).

Additional information pertaining to the Town of Mount Olive's long-term debt can be found in the notes on page 47 of this report.

Economic Factors and Next Year's Budgets and Rates

The following economic indicators reflect the growth of the Town:

- Unemployment remained steady.

Budget Highlights for the Fiscal Year Ended June 30, 2025

Governmental Activities: Property tax rates will remain unchanged at 64 cents per \$100 valuation. The Town should see the full impact of Wayne County's property tax revaluation, but tax revenues will likely remain flat. Local Option sales tax revenues are coming in 7% ahead of projections and this is expected to continue. The Town will use any increase in local option sales tax revenue to finance programs in place.

Business-Type Activities: No significant changes are expected.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Town Manager, Town of Mount Olive, 114 E. James Street. P.O. Box 939, Mount Olive, NC 28365. You can also call (919) 658-9539.

Basic Financial Statements

Town of Mount Olive, North Carolina
Statement of Net Position
June 30, 2024

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,577,243	\$ 1,943,230	\$ 4,520,473
Restricted cash and cash equivalents	467,863	7,830,426	8,298,289
Taxes receivable (net)	111,074	-	111,074
Inventories	-	16,664	16,664
Internal balances	629,857	(629,857)	-
Accounts receivable (net)	145,630	435,703	581,333
Due from other governments	251,845	-	251,845
Total current assets	<u>4,183,512</u>	<u>9,596,166</u>	<u>13,779,678</u>
Non-current assets:			
Right to use assets	244,180	10,547	254,727
Capital assets:			
Non-depreciable improvements	1,052,585	11,109,123	12,161,708
Other capital assets, net of depreciation	3,311,070	24,241,989	27,553,059
Total capital assets	<u>4,363,655</u>	<u>35,351,112</u>	<u>39,714,767</u>
Total noncurrent assets	<u>4,607,835</u>	<u>35,361,659</u>	<u>39,969,494</u>
Total assets	<u>8,791,347</u>	<u>44,957,825</u>	<u>53,749,172</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	1,029,681	494,682	1,524,363
Total deferred outflows of resources	<u>1,029,681</u>	<u>494,682</u>	<u>1,524,363</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued expenses	493,064	149,806	642,870
Current portion of compensated absences	35,000	17,000	52,000
Current portion of long-term liabilities	22,415	157,500	179,915
Total current liabilities	<u>550,479</u>	<u>324,306</u>	<u>874,785</u>
Long-term liabilities:			
Customer deposits	-	204,089	204,089
Non-current portion of compensated absences	12,884	3,318	16,202
Non-current portion of long-term liabilities	637,820	5,955,171	6,592,991
Net pension liability (LGRS)	1,507,929	803,528	2,311,457
Total pension liability (LEO)	434,420	-	434,420
Total liabilities	<u>3,143,532</u>	<u>7,290,412</u>	<u>10,433,944</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	185,784	24,081	209,865
Unspent grant proceeds	-	7,579,892	7,579,892
Total deferred inflows of resources	<u>185,784</u>	<u>7,603,973</u>	<u>7,789,757</u>
NET POSITION			
Net investment in capital assets	3,703,420	29,238,441	32,941,861
Restricted for:			
Stabilization by State Statute	1,077,124	-	1,077,124
Other functions	438,536	-	438,536
Unrestricted	1,272,632	1,319,681	2,592,313
Total net position	<u>\$ 6,491,712</u>	<u>\$ 30,558,122</u>	<u>\$ 37,049,834</u>

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

Town of Mount Olive, North Carolina
Statement of Activities
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
Primary government:							
Governmental Activities:							
General government	\$ 2,140,317	\$ 225,290	\$ -	\$ 114,500	\$ (1,800,527)	\$ -	\$ (1,800,527)
Public safety	2,644,467	2,405	421,705	-	(2,220,357)	-	(2,220,357)
Transportation	103,693	-	143,184	206,299	245,790	-	245,790
Environmental protection	536,365	417,803	-	-	(118,562)	-	(118,562)
Cultural and recreation	396,624	90,874	-	-	(305,750)	-	(305,750)
Interest on long-term debt	11,792	-	-	-	(11,792)	-	(11,792)
Total governmental activities	5,833,258	736,372	564,889	320,799	(4,211,198)	-	(4,211,198)
Business-type activities:							
Water and sewer	3,753,513	3,706,551	-	1,079,866	-	1,032,904	1,032,904
Municipal airport	396,756	306,386	-	394,453	-	304,083	304,083
Total business-type activities	4,150,269	4,012,937	-	1,474,319	-	1,336,987	1,336,987
Total primary government	9,983,527	4,749,309	564,889	1,795,118	(4,211,198)	1,336,987	(2,874,211)
General revenues:							
Taxes:							
Property taxes, levied for general purpose					2,011,112	-	2,011,112
Unrestricted intergovernmental					1,976,138	-	1,976,138
Other taxes and licenses					7,851	-	7,851
Investment earnings, unrestricted					31,064	61,154	92,218
Miscellaneous, unrestricted					82,683	-	82,683
Total general revenues not including transfers					4,108,848	61,154	4,170,002
Transfers					840,053	(840,053)	-
Total general revenues and transfers					4,948,901	(778,899)	4,170,002
Change in net position					737,703	558,088	1,295,791
Net position - beginning					5,754,009	30,000,034	35,754,043
Net position - ending					\$ 6,491,712	\$ 30,558,122	\$ 37,049,834

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

Town of Mount Olive, North Carolina
Balance Sheet
Governmental Funds
June 30, 2024

	Major Funds				Total Governmental Funds
	General Fund	CDBG Fund	Waylin Fire Distric Fund	Nelson Maple Street Fund	
<u>ASSETS</u>					
Cash and cash equivalents	\$ 1,395,701	\$ -	\$ 1,181,542	\$ -	\$ 2,577,243
Restricted cash and cash equivalents	438,536	29,327	-	-	467,863
Receivables, net:					
Taxes	111,074	-	-	-	111,074
Accounts	77,610	-	-	68,020	145,630
Due from other funds	750,146	-	9,964	-	760,110
Due from other governments	249,368	-	2,477	-	251,845
Total assets	\$ 3,022,435	\$ 29,327	\$ 1,193,983	\$ 68,020	\$ 4,313,765
<u>LIABILITIES</u>					
Accounts payable and accrued liabilities	\$ 440,617	\$ 26,264	\$ 17,014	\$ -	\$ 483,895
Due to other funds	59,170	3,063	-	68,020	130,253
Total liabilities	499,787	29,327	17,014	68,020	614,148
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Property taxes receivable	111,074	-	-	-	111,074
Total deferred inflows of resources	111,074	-	-	-	111,074
<u>FUND BALANCES</u>					
Restricted:					
Stabilization by State Statute	1,077,124	-	-	-	1,077,124
Streets	438,536	-	-	-	438,536
Capital improvements	-	-	-	-	-
Committed:					
Public Safety	-	-	1,176,969	-	1,176,969
Unassigned	895,914	-	-	-	895,914
Total fund balances	2,411,574	-	1,176,969	-	3,588,543
Total liabilities, deferred inflows of resources, and fund balances	\$ 3,022,435	\$ 29,327	\$ 1,193,983	\$ 68,020	\$ 4,313,765

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

Town of Mount Olive, North Carolina
Balance Sheet
Governmental Funds (continued)
June 30, 2024

Amounts reported for governmental activities in the Statement of Net Position are different because:

Total fund balances, governmental funds	\$	3,588,543
Capital assets used in governmental activities are not financial resources and therefore not reported in the funds.		
Gross capital assets at historical cost	14,143,652	
Accumulated depreciation	<u>(9,779,997)</u>	4,363,655
Right to use leased assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Right to use assets at historical cost	328,528	
Accumulated amortization	<u>(84,348)</u>	244,180
Deferred outflows of resources related to pensions and are not reported in the funds		1,029,681
Earned revenues considered deferred inflows of resources in fund statements		111,074
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:		
Gross long-term debt		(708,119)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore not reported in the funds		(9,169)
Net pension liability		(1,507,929)
Total pension liability		(434,420)
Pension related deferrals		<u>(185,784)</u>
Net position of governmental activities	\$	<u>6,491,712</u>

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

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

	Major Funds				Total Governmental Funds
	General Fund	CDBG Fund	Waylin Fire District Fund	Nelson Maple Street Fund	
Revenues:					
Ad valorem taxes	\$ 2,025,046	\$ -	\$ -	\$ -	\$ 2,025,046
Other taxes and licenses	7,851	-	-	-	7,851
Unrestricted intergovernmental	1,692,614		283,524	-	1,976,138
Restricted intergovernmental	257,684	421,705	-	206,299	885,688
Permits and fees	5,970	-	-	-	5,970
Sales and services	730,417	-	-	-	730,417
Investment earnings	11,563	-	19,501	-	31,064
Miscellaneous	82,668	-	-	-	82,668
Total revenues	<u>4,813,813</u>	<u>421,705</u>	<u>303,025</u>	<u>206,299</u>	<u>5,744,842</u>
Expenditures:					
Current:					
General government	2,135,577	-	-	-	2,135,577
Public safety	2,222,228	421,705	250,628	-	2,894,561
Transportation	103,693	-	-	206,299	309,992
Environmental protection	452,257	-	-	-	452,257
Cultural and recreational	389,138	-	-	-	389,138
Debt service:					
Principal	107,558	-	-	-	107,558
Interest and other charges	11,792	-	-	-	11,792
Total expenditures	<u>5,422,243</u>	<u>421,705</u>	<u>250,628</u>	<u>206,299</u>	<u>6,300,875</u>
Excess (deficiency) of revenues over expenditures	<u>(608,430)</u>	<u>-</u>	<u>52,397</u>	<u>-</u>	<u>(556,033)</u>
Other financing sources (uses):					
Transfers from (to) other funds	840,053	-	-	-	840,053
Total other financing sources (uses)	<u>840,053</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>840,053</u>
Net change in fund balances	231,623	-	52,397	-	284,020
Fund balance, beginning	<u>2,179,951</u>	<u>-</u>	<u>1,124,572</u>	<u>-</u>	<u>3,304,523</u>
Fund balance, ending	<u>\$ 2,411,574</u>	<u>\$ -</u>	<u>\$ 1,176,969</u>	<u>\$ -</u>	<u>\$ 3,588,543</u>

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

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

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

Net change in fund balances - total governmental funds	\$	284,020
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Amortization expense for governmental assets	\$ (28,116)	
Gain on sale of assets	(81,329)	
Capital outlay expenditures which were capitalized	1,169,458	
Depreciation expense for governmental assets	<u>(569,934)</u>	490,079
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		256,698
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		47,555
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		(13,934)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has an effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term</p>		
Principal payments on long-term debt	107,558	
(Increase) decrease in accrued interest payable	<u>48</u>	107,606
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences	44,399	
Pension revenue (expense)	<u>(478,720)</u>	<u>(434,321)</u>
Total changes in net position of governmental activities	\$	<u>737,703</u>

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

Town of Mount Olive, North Carolina
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual
General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	\$ 1,818,900	\$ 1,961,500	\$ 2,025,046	\$ 63,546
Other taxes and licenses	3,600	6,700	7,851	1,151
Unrestricted intergovernmental	1,584,200	1,955,546	1,692,614	(262,932)
Restricted intergovernmental	100,000	280,485	257,684	(22,801)
Permits and fees	4,300	4,000	5,970	1,970
Sales and services	662,000	765,000	730,417	(34,583)
Investment earnings	500	56,616	11,563	(45,053)
Miscellaneous	23,500	92,950	82,668	(10,282)
Total revenues	<u>4,197,000</u>	<u>5,122,797</u>	<u>4,813,813</u>	<u>(308,984)</u>
Expenditures:				
Current:				
General government	2,124,000	2,397,142	2,135,577	261,565
Public safety	2,072,200	2,291,088	2,222,228	68,860
Transportation	-	146,584	103,693	42,891
Environmental protection	77,500	486,764	452,257	34,507
Cultural and recreational	308,300	397,464	389,138	8,326
Debt service:				
Principal retirement	50,000	107,558	107,558	-
Interest and other charges	-	11,792	11,792	-
Total expenditures	<u>4,632,000</u>	<u>5,838,392</u>	<u>5,422,243</u>	<u>416,149</u>
Revenues over (under) expenditures	<u>(435,000)</u>	<u>(715,595)</u>	<u>(608,430)</u>	<u>107,165</u>
Other financing sources (uses):				
Transfers (to) from other funds	285,000	715,595	840,053	124,458
Total other financing sources (uses)	<u>285,000</u>	<u>715,595</u>	<u>840,053</u>	<u>124,458</u>
Fund balance appropriated	150,000	-	-	-
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	231,623	<u>\$ 231,623</u>
Fund balance, beginning			<u>2,179,951</u>	
Fund balance, ending			<u>\$ 2,411,574</u>	

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

Town of Mount Olive, North Carolina
Statement of Fund Net Position
Proprietary Funds
June 30, 2024

	Major Enterprise Funds		
	Water and Sewer Fund	Municipal Airport Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 1,908,261	\$ 34,969	\$ 1,943,230
Restricted cash and cash equivalents	204,089	7,626,337	7,830,426
Accounts receivable (net)	416,406	19,297	435,703
Inventories	-	16,664	16,664
Total current assets	<u>2,528,756</u>	<u>7,697,267</u>	<u>10,226,023</u>
Non-current assets:			
Right to use assets	10,547	-	10,547
Capital assets:			
Land and other non-depreciable assets	6,752,799	4,356,324	11,109,123
Other capital assets, net of depreciation	22,721,615	1,520,374	24,241,989
Capital assets (net)	<u>29,474,414</u>	<u>5,876,698</u>	<u>35,351,112</u>
Total noncurrent assets	<u>29,484,961</u>	<u>5,876,698</u>	<u>35,361,659</u>
Total assets	<u>32,013,717</u>	<u>13,573,965</u>	<u>45,587,682</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	494,682	-	494,682
Total deferred outflows of resources	<u>494,682</u>	<u>-</u>	<u>494,682</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	252,252	25,273	277,525
Due to other funds	400,456	229,401	629,857
Compensated absences - current	17,000	-	17,000
Current portion of long-term debt	157,500	-	157,500
Total current liabilities	<u>827,208</u>	<u>254,674</u>	<u>1,081,882</u>
Noncurrent liabilities:			
Liabilities payable from restricted assets:			
Customer deposits	204,089	-	204,089
Compensated absences	3,318	-	3,318
Net pension liability	803,528	-	803,528
Noncurrent portion of long term debt	5,955,171	-	5,955,171
Total noncurrent liabilities	<u>6,966,106</u>	<u>-</u>	<u>6,966,106</u>
Total liabilities	<u>7,793,314</u>	<u>254,674</u>	<u>8,047,988</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	24,081	-	24,081
Unspent grant proceeds	-	7,452,173	7,452,173
Total deferred inflows of resources	<u>24,081</u>	<u>7,452,173</u>	<u>7,476,254</u>
NET POSITION			
Net investment in capital assets	23,361,743	5,876,698	29,238,441
Unrestricted	1,329,261	(9,580)	1,319,681
Total net position	<u>\$ 24,691,004</u>	<u>\$ 5,867,118</u>	<u>\$ 30,558,122</u>

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

Town of Mount Olive, North Carolina
Statement of Revenues, Expenses, and Changes in Fund Net Position
Proprietary Funds
For the Year Ended June 30, 2024

	Major Enterprise Funds		
	Water and Sewer Fund	Municipal Airport Fund	Total
Operating revenues:			
Charges for services	\$ 3,681,025	\$ 306,386	\$ 3,987,411
Water and sewer taps	15,590	-	3,700
Other operating revenues	9,936	-	9,936
Total operating revenues	<u>3,706,551</u>	<u>306,386</u>	<u>4,012,937</u>
Operating expenses:			
Administration	198,003	331,568	529,571
Water and sewer operations	1,236,121	-	1,236,121
Water distribution	1,469,579	-	1,469,579
Depreciation	586,222	65,188	651,410
Amortization	8,288	-	8,288
Total operating expenses	<u>3,498,213</u>	<u>396,756</u>	<u>3,894,969</u>
Operating income (loss)	<u>208,338</u>	<u>(90,370)</u>	<u>117,968</u>
Nonoperating revenues (expenses):			
Investment earnings	61,154	-	61,154
Interest and other charges	(255,300)	-	(255,300)
Total nonoperating revenue (expenses)	<u>(194,146)</u>	<u>-</u>	<u>(194,146)</u>
Income (loss) before contributions and transfers	<u>14,192</u>	<u>(90,370)</u>	<u>(76,178)</u>
Capital contributions	1,079,866	394,453	1,474,319
Transfer from (to)	(840,053)	-	(840,053)
Total contributions and transfers	<u>239,813</u>	<u>394,453</u>	<u>634,266</u>
Change in net position	254,005	304,083	558,088
Net position, beginning	<u>24,436,999</u>	<u>5,563,035</u>	<u>30,000,034</u>
Total net position, ending	<u>\$ 24,691,004</u>	<u>\$ 5,867,118</u>	<u>\$ 30,558,122</u>

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

Town of Mount Olive, North Carolina
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2024

	Major Enterprise Funds		
	Water and Sewer Fund	Municipal Airport Fund	Total
Cash flows from operating activities:			
Cash received from customers	\$ 3,605,357	\$ 307,239	\$ 3,912,596
Cash paid for goods and services	(1,661,987)	(329,147)	(1,991,134)
Cash paid to employees for services	(1,576,592)	-	(1,576,592)
Net cash provided (used) by operating activities	<u>366,778</u>	<u>(21,908)</u>	<u>344,870</u>
Cash flows from non-capital financing activities:			
Transfers in (out)	(840,053)	-	(840,053)
Increase (decrease) in due to other funds	29,508	(20,685)	8,823
Net cash provided (used) by non-capital financing activities	<u>(810,545)</u>	<u>(20,685)</u>	<u>(831,230)</u>
Cash flows from capital and related financing activities:			
Capital contributions and grants	1,079,866	7,839,086	8,918,952
Acquisition and construction of capital assets	(870,369)	(280,829)	(1,151,198)
Principal paid on bond and note agreements	(185,672)	-	(185,672)
Interest paid on bond note agreements	(255,300)	-	(255,300)
Net cash provided (used) by capital and related financing activities	<u>(231,475)</u>	<u>7,558,257</u>	<u>7,326,782</u>
Cash flows from investing activities:			
Interest on investments	61,154	-	61,154
Net cash provided (used) by investing activities	<u>61,154</u>	<u>-</u>	<u>61,154</u>
Net increase (decrease) in cash and cash equivalents	(614,088)	7,515,664	6,901,576
Cash and cash equivalents - beginning of year	<u>2,963,039</u>	<u>124,007</u>	<u>3,087,046</u>
Cash and cash equivalents - end of year	<u>\$ 2,348,951</u>	<u>\$ 7,639,671</u>	<u>\$ 9,988,622</u>

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

Town of Mount Olive, North Carolina
Statement of Cash Flows
Proprietary Fund (continued)
For the Year Ended June 30, 2024

	Major Enterprise Funds		
	Water and Sewer Fund	Municipal Airport Fund	Total
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:			
Operating income (loss)	\$ 208,338	\$ (90,370)	\$ 117,968
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	586,222	65,188	651,410
Change in assets, deferred outflows of resources, and liabilities:			
(Increase) decrease in accounts receivable	(104,768)	853	(103,915)
(Increase) decrease in inventory	-	12,526	12,526
Increase (decrease) in pension liability	91,548	-	91,548
Change in deferred outflows of resources - pensions	(17,599)	-	(17,599)
Change in deferred inflows of resources - pensions	15,458	-	15,458
Increase (decrease) customer deposits	3,574	-	3,574
Increase (decrease) in payables and accrued liabilities	(370,284)	(10,105)	(380,389)
Increase (decrease) in compensated absences	(45,711)	-	(45,711)
Total adjustments	<u>158,440</u>	<u>68,462</u>	<u>226,902</u>
Net cash provided (used) by operating activities	<u>\$ 366,778</u>	<u>\$ (21,908)</u>	<u>\$ 344,870</u>

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

Notes to the Financial Statements

Town of Mount Olive, North Carolina
Notes to the Financial Statements
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Mount Olive, North Carolina 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 Mount Olive is a municipal corporation that is governed by an elected mayor and a five-member council. As required by generally accepted accounting principles, these financial statements present the Town.

B - Basis of Presentation

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

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category – government and proprietary – are presented. The emphasis of the fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. The town has no fiduciary funds to report. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

The Town reports the following major governmental funds:

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

Waylin Fire District Special Revenue Fund - This fund is used to account for operations of the Waylin Fire District from grants provided by Duplin and Wayne Counties.

CDBG Project Fund - This fund is used to account for the CDBG NR-19-C-3131 Project expenditures.

Nelson Maple Street Fund - This fund is used to account for NCEM-TIRG1019 Project expenditures

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B - Basis of Presentation - Fund Accounting (continued)

The Town reports the following major enterprise funds:

Water and Sewer Fund - This fund is used to account for the Town's water and sewer operations. A Water and Sewer Capital Projects Fund has been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Projects Fund has been included in the supplementary information.

Municipal Airport Fund - This fund is used to account for the Town's airport fund operations. A Municipal Airport Capital Projects Fund has been consolidated into the Municipal Airport Fund for financial reporting purposes. The budgetary comparison for the Municipal Airport Capital Projects Fund has been included in the supplementary information.

C - Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C - Measurement Focus and Basis of Accounting (continued)

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. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad Valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, 2024 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 utilities franchise tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered shared revenue for the Town of Mount Olive because the tax is levied by the County and then remitted to and distributed by the State. Most intergovernmental revenue and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D - Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General and the Enterprise Funds. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for Special Revenue Funds and the Enterprise Fund Capital Projects Funds, which are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States 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 nonguaranteed federal agencies; certain high quality issues of commercial paper and banker's acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. The NCCMT-Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2024, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, a SEC-registered (2a7) external investment pool, is measured at amortized cost, which is the NCCMT's share price. The NCCMT Term Portfolio's securities are valued at fair value.

2. 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.

3. Restricted Assets

The unexpended loan proceeds in the Water and Sewer Fund are classified as restricted assets for the enterprise funds because their use is completely restricted to the purpose for which the grants the loan were originally issued.

Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.4.

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

3. Restricted Assets (continued)

Governmental Activities:	
General Fund	
Streets	\$ 467,863
Total Governmental Activities	467,863
Business-type activities:	
Water and Sewer Fund	
Customer deposits	204,089
Municipal Airport grant funds	7,626,337
Total business-type activities	7,830,426
Total restricted cash	\$ 8,298,289

4. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2023. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax revenue is reported net of such discounts.

5. 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.

6. Inventories

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

The inventories of the Town's enterprise funds consist of materials and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

7. 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.

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

8. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain threshold and an estimated life in excess of two years. Minimum capitalization costs are \$5,000 for all asset categories. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received after June 30, 2015 are recorded at their estimated fair market value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated useful lives:

	<u>Estimated Useful Lives</u>
Buildings	30 - 40
Furniture and equipment	5 - 10
Vehicles	5 - 10
Leasehold improvements	10 - 20
Infrastructure	30 - 40

9. Right to use Assets

The Town has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

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

11. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bond issuance costs, except for prepaid insurance, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

In fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

12. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to 360 hours of earned vacation leave with for employees with less than twenty years of service and 480 hours for employees with twenty years or more of service, with such leave being fully vested after one year of service. For the Town's government-wide and proprietary funds, an expense is recorded and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave and is vested after five years of service. After being vested, if an employee retires or quits, they are paid one-fourth of their sick leave not to exceed thirty days. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government wide financial statements.

13. Net Position / Fund Balances

Net Position

Net position in government-wide and proprietary fund financial statements is classified as invested in capital assets, net of related debt; 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.

Prepaid items – portion of fund balance that is not an available resource because it represents the year-end balance in prepaid expenditures, which are not spendable resources.

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E - Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity (continued)

13. Net Position / Fund Balances (continued)

Fund Balances (continued)

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

Restricted for Stabilization by State Statute – North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State Statute (RSS) is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund balance in any fund shall not exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts, as those figures stand at the close of the fiscal year next preceding the budget.* Per GASB guidance, RSS is considered a resource upon which a restriction is "imposed by law through constitutional provisions or enabling legislation." RSS is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding Encumbrances are included within RSS. RSS is included as a component of Restricted Net position and Restricted fund balance on the face of the balance sheet.

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.

Committed Fund Balance – portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town's governing body (highest level of decision-making authority). Any changes or removal of specific purposes requires majority action by the governing body. 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.

Public safety – portion of fund balance that has been committed for use in public safety fire operations.

Assigned fund balance – portion of fund balance that the Town intends to use for specific purposes.

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

14. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension asset, 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 Mount Olive's employer contributions are recognized when due and the Town of Mount Olive 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.

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Noncompliance with North Carolina General Statutes

The Town is not in compliance with N.C. General Statute 159.29, which requires that the minimum fidelity bond for the finance officer be based on the annually budgeted fund amounts for the fiscal year. As of the date of this report, the finance officer is bonded for \$200,000. To comply with the statute, the Town must increase the coverage to \$1,000,000.

2. Contractual Violations

None.

B - Deficit in Fund Balance of Individual Funds not appropriated in subsequent year's budget ordinance

None

C - Excess of Expenditures over Appropriations

	Budget	Actual	Variance (Negative)
Water and Sewer Fund:			
Transfers to General Fund	\$ -	\$ 804,053	\$ (804,053)
Total	-	804,053	(804,053)

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS

A - Assets

1. Deposits

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

At June 30, 2024, the Town's deposits had a carrying amount of \$4,517,113 and a bank balance of \$4,512,373. Of the bank balance, \$500,000 was covered by federal deposit insurance and the remainder was covered under the pooling method. At June 30, 2024, the petty cash fund totaled \$3,360.

2. Investments

At June 30, 2024, the Town of Mount Olive had \$8,298,289 invested with the North Carolina Capital Management Trust's Government Portfolio which earned a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

3. Receivables - Allowance for Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position are for the year ended June 30, 2024 are net of the following allowance for doubtful accounts:

General Fund:	
Taxes receivable	\$ 16,861
Total General Fund	16,861
Enterprise Fund:	
Water and Sewer Fund - accounts receivable	549,690
Total Enterprise Fund	549,690
Total	\$ 566,551

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

A - Assets (continued)

4. Capital Assets

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

	Beginning			Ending
Governmental activities:	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 415,539	\$ 90,371	\$ (81,329)	\$ 424,581
Construction in progress	-	628,004	-	628,004
Total capital assets not being depreciated	415,539	718,375	(81,329)	1,052,585
 Capital assets being depreciated:				
Buildings	910,226	-	-	910,226
Equipment and vehicles	5,861,879	446,103	-	6,307,982
Improvements	5,603,783	4,980	-	5,608,763
Infrastructure	264,096	-	-	264,096
Total capital assets being depreciated	12,639,984	451,083	-	13,091,067
 Less accumulated depreciation for:				
Buildings	512,608	9,966	-	522,574
Equipment and vehicles	4,187,598	483,470	-	4,671,068
Improvements	4,473,162	69,574	-	4,542,736
Infrastructure	36,695	6,924	-	43,619
Total accumulated depreciation	9,210,063	569,934	-	9,779,997
Total capital assets being depreciated, net	3,429,921			3,311,070
 Governmental activities capital assets, net	\$ 3,845,460			\$ 4,363,655

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

General government	155,612
Public safety	328,329
Cultural and recreation	1,885
Environmental protection	84,108
Total depreciation expense	\$ 569,934

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

A - Assets (continued)

4. Capital Assets (continued)

Business-type activities:	Beginning			Ending
Water and Sewer fund:	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ 23,252	\$ -	\$ -	\$ 23,252
Construction in progress	5,664,018	1,065,529	-	6,729,547
Total capital assets not being depreciated	<u>5,687,270</u>	<u>1,065,529</u>	<u>-</u>	<u>6,752,799</u>
Capital assets being depreciated:				
Buildings	5,119,437	-	-	5,119,437
Substations, lines	29,048,439	224,518	-	29,272,957
Equipment & maintenance	1,053,025	177,693	-	1,230,718
Vehicles	485,972	-	-	485,972
Total capital assets being depreciated	<u>35,706,873</u>	<u>402,211</u>	<u>-</u>	<u>36,109,084</u>
Less accumulated depreciation for:				
Buildings	5,119,438	-	-	5,119,438
Substations, lines	6,467,102	524,564	-	6,991,666
Equipment & maintenance	964,011	33,937	-	997,948
Vehicles	250,696	27,721	-	278,417
Total accumulated depreciation	<u>12,801,247</u>	<u>586,222</u>	<u>-</u>	<u>13,387,469</u>
Total capital assets being depreciated, net	<u>22,905,626</u>			<u>22,721,615</u>
Water and Sewer fund capital assets, net	<u>\$ 28,592,896</u>			<u>\$ 29,474,414</u>

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

A - Assets (continued)

4. Capital Assets (continued)

	Beginning			Ending
	Balances	Increases	Decreases	Balances
Municipal Airport fund:				
Capital assets being depreciated:				
Land	\$ 258,521	\$ -	\$ -	\$ 258,521
Construction in progress	3,816,974	280,829	-	4,097,803
Total capital assets not being depreciated	<u>4,075,495</u>	<u>280,829</u>	<u>-</u>	<u>4,356,324</u>
Capital assets being depreciated:				
Buildings	455,058	-	-	455,058
Improvements	2,046,402	-	-	2,046,402
Equipment & maintenance	200,325	-	-	200,325
Total capital assets being depreciated	<u>2,701,785</u>	<u>-</u>	<u>-</u>	<u>2,701,785</u>
Less accumulated depreciation for:				
Buildings	292,120	12,227	-	304,347
Improvements	660,798	51,160	-	711,958
Equipment & maintenance	163,305	1,801	-	165,106
Total accumulated depreciation	<u>1,116,223</u>	<u>65,188</u>	<u>-</u>	<u>1,181,411</u>
Total capital assets being depreciated, net	<u>1,585,562</u>			<u>1,520,374</u>
Municipal Airport fund activity - capital assets, net	<u>\$ 5,661,057</u>			<u>\$ 5,876,698</u>

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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 Mount Olive 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 Mount Olive's contractually required contribution rate for the year ended June 30, 2024, was 8.95% of compensation for law enforcement officers and 9.70% for general employees, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Mount Olive were \$388,937 for the year ended June 30, 2024.

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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

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

At June 30, 2024, the Town reported a liability of \$2,311,457 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the Town’s proportion was .03490%, which was an decrease of 0.00130% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2024, the Town recognized pension expense (revenue) of \$651,903. At June 30, 2024, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 257,565	\$ 5,545
Changes of assumptions	98,224	-
Net difference between projected and actual earnings on pension plan investments	618,647	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	36,570	60,708
Town contributions subsequent to the measurement date	388,937	-
Total	\$ 1,399,943	\$ 66,253

\$388,937 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2025	\$ 351,917
2026	171,522
2027	395,155
2028	26,160
2029	-
Thereafter	-

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

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

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

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

a. Local Governmental Employees' Retirement System (continued)

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. 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 liability calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 4,004,509	\$ 2,311,457	\$ 917,579

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 the State of North Carolina.

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

b. Law Enforcement Officers' Special Separation Allowance

1. Plan Description

The Town of Mount Olive 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 County law enforcement officers are covered by the Separation Allowance. At December 31, 2022, the Separation Allowance's membership consisted of:

Retirees and dependents receiving benefits	3
Active plan members	14
Total	17

2. Summary of Significant Accounting Policies

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay-as-you-go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits 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.

3. Actuarial Assumptions

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

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.00 percent

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2022. Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

b. Law Enforcement Officers' Special Separation Allowance (continued)

4. Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$47,555 as benefits came due for the reporting period.

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

At June 30, 2024, the Town reported a total pension liability of \$434,420. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$48,464.

	Deferred Outflow of	Deferred Inflows of
Differences between expected and actual experience	\$ 45,530	\$ 67,849
Changes of assumptions	78,890	75,763
Total	\$ 124,420	\$ 143,612

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

Year ended June 30:	
2025	\$ 7,204
2026	8,314
2027	3,014
2028	(18,119)
2029	(15,665)
Thereafter	(3,940)

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

b. Law Enforcement Officers' Special Separation Allowance (continued)

4. Contributions (continued)

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 4.00 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

	1% Decrease (3.00%)	Discount rate (4.00%)	1% Increase (5.00%)
Total pension liability	\$ 470,820	\$ 434,420	\$ 401,747
			2024
Beginning balance		\$ 505,823	
Service cost		18,470	
Interest on the total pension liability		20,776	
Differences between expected and actual experience in the measurement of the total pension liability		(72,856)	
Changes of assumptions or other inputs		9,762	
Benefit payments		(47,555)	
Ending balance of the total pension liability		\$ 434,420	

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

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

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

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

Following is information related to the proportionate share and pension expense for all pension plans:

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 651,903	\$ 48,464	\$ 700,367
Pension Liability	2,311,457	434,420	2,745,877
Proportionate share of the net pension liability	0.03490%	n/a	
Deferred of Outflows of Resources			
Differences between expected and actual experience	257,565	45,530	303,095
Changes of assumptions	98,224	78,890	177,114
Net difference between projected and actual earnings on plan investments	618,647	-	618,647
Changes in proportion and differences between contributions and proportionate share of contributions	36,570	-	36,570
Benefit payments and administrative costs paid subsequent to the measurement date	388,937	-	388,937
Deferred of Inflows of Resources			
Difference between expected and actual experience	5,545	67,849	73,394
Changes of assumptions	-	75,763	75,763
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	60,708	-	60,708

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

1. Pension Plan and Postemployment Obligations (continued)

c. Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024 were \$33,380, which consisted of \$33,380 from the Town and \$0 from the law enforcement officers. No amounts were forfeited.

d. Other Postemployment Benefits

1. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multi-employer, State-administered, cost sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$25,000. All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of the monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

2. Deferred Outflows and Inflows of Resources

Deferred outflows of resources are comprised of the following:

Contributions to pension plan in current fiscal year	\$	388,937
Differences between expected ad actual experience		303,095
Changes of assumptions		177,114
Net difference between projected and actual		618,647
Changes in proportion and differences between employer contributions and proportionate share of contributions		36,570
Total	\$	<u>1,524,363</u>

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

	Statement of Net Position	General Fund Balance sheet
Taxes receivable, less penalties (General Fund)	\$ -	\$ 111,074
Changes in assumptions	75,763	-
Differences between expected and actual experience	73,394	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	60,708	-
Total	\$ 209,865	\$ 111,074

3. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for worker's compensation.

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

3. Risk Management (continued)

The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with reinsurance limit based upon a percentage of the total insurance values.

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 does not carry flood insurance on any property due to all properties being located out of the flood plain.

In accordance with G.S. 159-29 the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$200,000 and the tax collector is bonded for \$25,000.

4. Claims, Judgments and Contingent Liabilities

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

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

5. Long-Term Obligations

a. Installment Purchase

The Town has entered into various direct placement installment purchase contracts to finance the purchase of equipment, police cars, and fire trucks.

Governmental Activities:

In January 2020, the Town entered into an direct placement installment agreement to purchase radio equipment. The agreement requires annual payments of \$12,853 \$ 7,910

In September 2021, the Town entered into an direct placement installment agreement to purchase one fire truck. The agreement requires annual payments of \$34,207. 501,682

Total \$ 509,592

Annual debt service payments of the installment purchase as of June 30, 2024, including interest, are as follows:

Years Ending <u>June 30:</u>	Governmental Activities	
	Principal	Interest
2025	\$ 30,849	\$ 11,520
2026	23,435	10,772
2027	23,963	10,244
2028	24,502	9,705
2029	25,616	8,590
2030-2034	136,993	34,042
2035-2039	131,167	15,714
2039-2040	113,067	4,443
Total	<u><u>\$ 509,592</u></u>	<u><u>\$ 105,030</u></u>

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

5. Long-Term Obligations (continued)

b. Capital Leases

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

The Town entered into several agreements to lease vehicles during FY 2024 that require 60 monthly payments ranging from \$420 to \$699. These lease liabilities are measured at various discount rates between 0.07% to 0.54%, which are the stated rates in the respective lease agreements. As a result of these leases, the Town has recorded right to use assets with a net book value of \$237,129 at June 30, 2024. The right to use asset is discussed in more detail in Note 3, Section A – Assets in the notes to these financial statements.

The following is an analysis of the assets recorded under capital leases at June 30, 2024:

Years Ending <u>June 30:</u>	Governmental Activities	
	Principal	Interest
2025	\$ 65,247	\$ 261
2026	61,563	84
2027	23,833	31
Total	<u>\$ 150,643</u>	<u>\$ 376</u>

Years Ending <u>June 30:</u>	Business-type Activities	
	Principal	Interest
2025	\$ 5,477	\$ 437
2026	2,808	33
Total	<u>\$ 8,285</u>	<u>\$ 470</u>

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

5. Long-Term Obligations (continued)

c. General Obligation Indebtedness

The general obligation bonds issued to finance the construction of facilities utilized in the operations of the water and sewer system and which are being retired by its resources are reported as long-term debt in the Water and Sewer Fund. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2024 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the Water and Sewer Fund:

\$1,000,000 Sewer serial bonds due in annual installments of various amounts of \$42,000 to \$168,000 through June 1, 2047; interest at a fixed rate of 4.375%	\$ 759,128
\$4,000,000 Sewer serial bonds due in annual installments of various amounts of \$42,000 to \$168,000 through June 1, 2047; interest at a fixed rate of 4.375%	3,039,365
Total	\$ 3,798,493

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

5. Long-Term Obligations (continued)

c. General Obligation Indebtedness (continued)

Annual debt service requirements to maturity for long-term obligations are as follows:

Years Ending June 30:	Business-type Activities	
	Principal	Interest
2025	\$ 102,902	\$ 115,320
2026	107,390	118,015
2027	112,072	120,828
2028	112,873	153,458
2029	117,795	148,536
2030-2034	670,654	661,003
2035-2039	830,196	501,461
2040-2044	984,636	303,965
2045-2048	759,975	69,757
Total	<u>\$ 3,798,493</u>	<u>\$ 2,192,343</u>

d. Revenue Bonds

Serviced by the Water and Sewer Fund:

\$1,370,000 Sewer serial bonds due in annual installments of various amounts of \$14,000 to \$56,000 through April 16, 2058; interest at a fixed rate of 3.25%.	\$ 1,046,681
\$512,000 Sewer serial bonds due in annual installments of various amounts of \$9,000 to \$24,000 through June 1, 2051; interest at a fixed rate of 4.375%.	469,000
\$200,000 Sewer serial bonds due in annual installments of various amounts of \$4,000 to \$9,000 through April 6, 2059; interest at a fixed rate of 2.75%.	181,000
\$729,000 Sewer serial bonds due in annual installments of various amounts of \$11,000 to \$30,000 through June 1, 2051; interest at a fixed rate of 2.75%.	<u>586,863</u>
Total	<u>\$ 2,283,544</u>

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

5. Long-Term Obligations (continued)

d. Revenue Bonds (continued)

Annual debt service requirements to maturity for long-term obligations are as follows:

Years Ending	Principal	Interest
<u>June 30:</u>		
2025	\$ 54,174	\$ 79,333
2026	55,823	78,152
2027	59,538	76,929
2028	59,682	76,267
2029	61,042	74,504
2030-2034	339,789	334,810
2035-2039	408,246	266,838
2040-2044	460,014	184,446
2045-2049	403,246	99,559
2050-2054	343,760	83,189
2055-2057	38,230	69,411
Total	\$ 2,283,544	\$ 1,423,438

The Town is in compliance with all covenants in Section 7.08 of the Bond Order for the USDA Revenue Bonds, authorizing the issuance of the Sewer Revenue Bonds. The debt service coverage ratio is required to be no less than 110%. The debt service coverage ratio calculation for the year ended June 30, 2024, is as follows:

Operating revenues	\$ 3,706,551
Operating expenses*	2,426,369
Operating income	6,132,920
Nonoperating revenues (expenses)**	(194,146)
Income available for debt service	5,938,774
Debt service, principal and interest	
paid (revenue bond only)	\$ 146,344
Debt service coverage ratio	4058%

*This does not include the depreciation expense of \$434,747.

** This does not include revenue bond interest paid of \$121,722

The Town has pledged future sewer customer revenues, net of specified operating expenses, to repay \$2,811,000 million in sewer system revenue bonds issued in January 2008, April 2013, and April 2023. Proceeds from the bonds provided financing for various sewer improvements. The bonds are payable solely from water and sewer customer net revenues and are payable through 2059. The bonds are expected to require less than 4 percent of net revenues. The total principal remaining to be paid on the bonds is \$2,283,544. Principal and interest paid for the current year and total customer net revenues were \$121,722.

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

B - Liabilities (continued)

5. Long-Term Obligations (continued)

e. Changes in Long-Term Liabilities

The following is a summary of changes in the Town's long-term obligations as of June 30, 2024.

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Direct placement					
Installment purchase	\$ 544,860	\$ -	\$ (35,268)	\$ 509,592	\$ 22,415
Capital leases	222,933	-	(72,290)	150,643	-
Compensated absences	92,283	-	(44,399)	47,884	35,000
Net pension obligation (LGERS)	1,330,217	177,712	-	1,507,929	-
Total pension obligation (LEO)	505,823	-	(71,403)	434,420	-
Governmental activity long-term liabilities	<u>\$ 2,696,116</u>	<u>\$ 177,712</u>	<u>\$ (223,360)</u>	<u>\$ 2,650,468</u>	<u>\$ 57,415</u>

Business-type activities:	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion
Direct placement					
Installment purchase	\$ 39,328	\$ -	\$ (39,328)	\$ -	\$ -
Capital leases	14,197	-	(5,912)	8,285	5,477
General obligation bonds	3,916,000	-	(95,158)	3,820,842	99,307
Revenue bonds	2,334,730	-	(73,535)	2,261,195	52,716
Compensated absences	65,879	-	(45,561)	20,318	17,000
Net pension obligation (LGERS)	711,980	91,548	-	803,528	-
Business-type activity long-term liabilities	<u>\$ 7,082,114</u>	<u>\$ 91,548</u>	<u>\$ (259,494)</u>	<u>\$ 6,914,168</u>	<u>\$ 174,500</u>

At June 30, 2024 the Town had a legal debt margin of \$25,271,200.

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

C - Interfund Balances and Activity

Transfers from/to other funds consist of the following:

	Amount
From Water and Sewer to General Fund to move remaining balance of ARPA funds to the General Fund to match Town's SLFRF Compliance Report	\$ 840,053
Total	\$ 840,053

Interfund Transfers are used to move unrestricted revenues to programs in other funds in accordance with budgetary authorizations.

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

Receivable Fund	Payable Fund	Amount
General Fund	Water and Sewer Fund	\$ 840,053
Total		\$ 840,053

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable occur, (2) transactions that are recorded in the accounting system, and (3) payments between funds are made.

D - Net Investment in Capital Assets

	Governmental	Business-Type
Capital assets	\$ 4,363,655	\$ 35,351,112
less: long-term debt	(660,235)	(6,112,671)
Net investment in capital asset	\$ 3,703,420	\$ 29,238,441

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

E - Fund Balance

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

<i>Total fund balance - General Fund</i>	\$	2,411,574
Less:		
Stabilization by State Statute		1,077,124
Streets-Powell Bill		438,536
Remaining fund balance	\$	895,914

NOTE 4 - JOINT VENTURES

The Town participated in a joint venture to operate a regional library with Wayne County. The Town's participation is limited to providing and maintaining the facility in which the Library is housed. The Town is not involved in the appointment of the county library board. The Town has an ongoing financial responsibility for the joint venture because the Library's continued existence depends on the county's continued funding. The Town does not have any equity interest in the Library, so no equity interest has been reflected in the financial statements at June 30, 2024. Complete financial statements for the Library can be obtained from the Library's offices at 111 North Chestnut Street, Mount Olive, NC 28365.

The Town participates in the Mount Olive Community Development Corporation. The Town Commissioners must approve all members to the nine-member board of the Corporation. The Corporation is a non-profit which works with the Town to acquire and rehabilitate property within the Town limits. The Town contributed a piece of property which is located at Pollock and Center Street with a value of \$15,000 to the Corporation during fiscal year ended June 30, 2024. Complete financial statements for the Corporation can be obtained from the Corporation's office at 114 East James Street, Post Office Box 939, Mount Olive, NC 28365.

NOTE 5 - RELATED ORGANIZATION

The five-member board of the Town of Mount Olive Housing Authority is appointed by the mayor of the Town of Mount Olive. The Town is accountable for the Housing Authority because it appoints the governing board; however, the Town is not financially accountable for the Housing Authority. The Town of Mount Olive is also disclosed as a related organization in the notes to the financial statements for the Town of Mount Olive Housing Authority.

NOTE 6 - RELATED PARTY TRANSACTIONS

There were no material related party transactions for the year ended June 30, 2024.

Town of Mount Olive, North Carolina
Notes to the Financial Statements (continued)
June 30, 2024

NOTE 7 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE 8 - SUBSEQUENT EVENTS

Subsequent events were evaluated through November 29, 2024, which is the date the financial statements were available to be issued.

Required Supplementary Financial Data

This section contains additional information required by generally accepted accounting principles.

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System.
- Schedule of Contributions to Local Government Employees' Retirement System.
- Schedule of Changes in Total Pension Liability.
- Schedule of Total Pension Liability as a Percentage of covered Payroll.

Town of Mount Olive, North Carolina
Town of Mount Olive's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years

Local Government Employees' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Mount Olive's proportion of the net pension liability (asset) (%)	0.0000%	0.0334%	0.0333%	0.0330%	0.0355%
Mount Olive's proportion of the net pension liability (asset) (\$)	\$ 2,311,457	\$ 2,042,197	\$ 511,761	\$ 1,180,660	\$ 970,297
Mount Olive's covered-employee payroll	\$ 2,707,433	\$ 2,658,626	\$ 2,502,031	\$ 2,473,251	\$ 2,495,470
Mount Olive's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	85.37%	76.81%	20.45%	47.74%	38.88%
Plan fiduciary net position as a percentage of the total pension liability.**	88.35%	91.63%	94.18%	91.47%	98.09%
<hr/>					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Mount Olive's proportion of the net pension liability (asset) (%)	3.7400%	0.0371%	0.0328%	0.0296%	0.03150%
Mount Olive's proportion of the net pension liability (asset) (\$)	\$ 887,256	\$ 566,174	\$ 697,187	\$ 132,620	\$ 173,854
Mount Olive's covered-employee payroll	\$ 2,340,198	\$ 2,233,645	\$ 1,967,683	\$ 1,752,314	\$ 1,692,622
Mount Olive's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	37.91%	25.35%	35.43%	7.57%	10.27%
Plan fiduciary net position as a percentage of the total pension liability.**	99.07%	102.64%	94.35%	96.45%	96.45%

* 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 Mount Olive, North Carolina
Town of Mount Olive's Contributions
Required Supplementary Information
Last Ten Fiscal Years

Local Government Employees' Retirement System

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>
Contractually required contribution	\$ 388,937	\$ 333,245	\$ 306,522	\$ 258,553	\$ 236,145
Contributions in relation to the contractually required contribution	388,937	333,245	306,522	258,553	236,145
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Mount Olive's covered payroll	\$ 2,950,066	\$ 2,707,433	\$ 2,658,626	\$ 2,502,031	\$ 2,473,251
Contributions as a percentage of covered-employee payroll	13.18%	12.31%	11.53%	10.33%	9.55%
<hr/>					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 196,445	\$ 182,639	\$ 167,757	\$ 134,244	\$ 125,720
Contributions in relation to the contractually required contribution	196,445	182,639	167,757	134,244	125,720
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Mount Olive's covered payroll	\$ 2,495,470	\$ 2,340,198	\$ 2,233,645	\$ 1,967,683	\$ 1,752,314
Contributions as a percentage of covered-employee payroll	7.87%	7.80%	7.51%	6.82%	7.17%

Town of Mount Olive, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officer's Special Separation Allowance
June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning balance	\$ 505,823	\$ 571,219	\$ 566,453	\$ 410,214	\$ 349,450	\$ 363,709	\$ 315,936
Service Cost	18,470	30,122	29,153	18,762	19,048	22,087	18,477
Interest on the total pension liability	20,776	12,317	10,509	13,052	12,467	11,118	11,673
Changes of benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(72,856)	33,999	24,681	(13,061)	30,895	(8,736)	22,575
Changes of assumptions or other inputs	9,762	(94,279)	(15,666)	157,151	12,267	(14,976)	22,080
Benefit payments	(47,555)	(47,555)	(43,911)	(19,665)	(13,913)	(23,752)	(27,032)
Other changes	-	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 434,420</u>	<u>\$ 505,823</u>	<u>\$ 571,219</u>	<u>\$ 566,453</u>	<u>\$ 410,214</u>	<u>\$ 349,450</u>	<u>\$ 363,709</u>

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

Town of Mount Olive, North Carolina
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officer's Special Separation Allowance
June 30, 2024

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability	\$ 434,420	\$ 505,823	\$ 571,219	\$ 566,453	\$ 410,214	\$ 349,450	\$ 363,709
Covered payroll	667,375	734,396	664,958	695,277	775,606	766,452	756,866
Total pension liability as a percentage of covered payroll	65.09%	68.88%	85.90%	81.47%	52.89%	45.59%	48.05%

Notes to the schedules:

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

Individual Fund Statements and Schedules

Major Governmental Funds

Town of Mount Olive, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Taxes	\$	\$ 2,014,580	\$
Penalties and interest		10,466	
Total	<u>1,961,500</u>	<u>2,025,046</u>	<u>63,546</u>
Other taxes and licenses:			
License and fees		7,851	
Total	<u>6,700</u>	<u>7,851</u>	<u>1,151</u>
Unrestricted intergovernmental:			
Local option sales tax		1,294,717	
ABC revenue		54,989	
Utility sales tax		342,908	
Total	<u>1,955,546</u>	<u>1,692,614</u>	<u>(262,932)</u>
Restricted intergovernmental:			
Federal grants		114,500	
Powell bill allocation		143,184	
Total	<u>280,485</u>	<u>257,684</u>	<u>(22,801)</u>
Permits and fees:			
Building permits		5,970	
Total	<u>4,000</u>	<u>5,970</u>	<u>1,970</u>
Sales and services:			
Garbage fees		417,803	
Court costs		2,405	
Recreation fees		90,874	
Rents		126,005	
Cemetery fees		88,230	
Cemetery lot sales		5,100	
Total	<u>765,000</u>	<u>730,417</u>	<u>(34,583)</u>
Investment earnings	<u>\$ 56,616</u>	<u>\$ 11,563</u>	<u>\$ (45,053)</u>

Town of Mount Olive, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Miscellaneous revenues:			
Other revenues	\$	\$ 1,339	\$
Sale of land		76,118	
Sale of surplus		5,211	
Total	<u>92,950</u>	<u>82,668</u>	<u>(10,282)</u>
Total revenues	<u>5,122,797</u>	<u>4,813,813</u>	<u>(308,984)</u>
Expenditures:			
General government:			
Governing body:			
Salaries and benefits		27,801	
Other operating expenditures		239,845	
Total	<u>285,542</u>	<u>267,646</u>	<u>17,896</u>
Town Manager:			
Salaries and employee benefits		75,166	
Other operating expenditures		11,125	
Total	<u>98,274</u>	<u>86,291</u>	<u>11,983</u>
Public works and buildings:			
Salaries and employee benefits		722,707	
Other operating expenditures		385,221	
Capital outlay		281,516	
Total	<u>1,569,556</u>	<u>1,389,444</u>	<u>180,112</u>
Administration:			
Salaries and benefits		176,385	
Other operating expenditures		215,811	
Total	<u>443,770</u>	<u>392,196</u>	<u>51,574</u>
Total general government	<u>2,397,142</u>	<u>2,135,577</u>	<u>261,565</u>
Environmental protection:			
Sanitation:			
Salaries and employee benefits		135,866	
Other operating expenditures		218,501	
Total	<u>388,764</u>	<u>354,367</u>	<u>34,397</u>
Cemetery:			
Contracted services		97,890	
Total	<u>98,000</u>	<u>97,890</u>	<u>110</u>
Total environmental protection	<u>\$ 486,764</u>	<u>\$ 452,257</u>	<u>\$ 34,507</u>

Town of Mount Olive, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Transportation:			
Other operating expenditures	\$	\$ 103,693	\$
Total	<u>146,584</u>	<u>103,693</u>	<u>42,891</u>
Total transportation	<u>146,584</u>	<u>103,693</u>	<u>42,891</u>
Public Safety:			
Police:			
Salaries and employee benefits		1,336,817	
Other operating expenditures		284,465	
Capital outlay		92,924	
Total	<u>1,754,449</u>	<u>1,714,206</u>	<u>40,243</u>
Fire:			
Salaries and employee benefits		234,203	
Other operating expenditures		61,346	
Capital outlay		20,232	
Total	<u>336,100</u>	<u>315,781</u>	<u>20,319</u>
Inspections:			
Salaries and employee benefits		137,160	
Other operating expenditures		55,081	
Total	<u>200,539</u>	<u>192,241</u>	<u>8,298</u>
Total public safety	<u>2,291,088</u>	<u>2,222,228</u>	<u>68,860</u>
Cultural and recreation:			
Salaries and employee benefits		190,974	
Other operating expenditures		193,184	
Capital outlay		4,980	
Total	<u>\$ 397,464</u>	<u>\$ 389,138</u>	<u>\$ 8,326</u>

Town of Mount Olive, North Carolina
General Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (continued)
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Debt service:			
Principal	\$	\$ 107,558	\$
Interest		11,792	
Total	<u>119,350</u>	<u>119,350</u>	<u>-</u>
Total expenditures	<u>5,838,392</u>	<u>5,422,243</u>	<u>416,149</u>
Revenues over (under) expenditures	<u>(715,595)</u>	<u>(608,430)</u>	<u>107,165</u>
Other financing sources (uses):			
Transfers from Water and Sewer Fund	715,595	840,053	124,458
Total	<u>715,595</u>	<u>840,053</u>	<u>124,458</u>
Fund balance appropriated	-	-	-
Net change in fund balances	<u>\$ -</u>	<u>231,623</u>	<u>\$ 231,623</u>
Fund balance, beginning		<u>2,179,951</u>	
Fund balance, ending		<u><u>\$ 2,411,574</u></u>	

Town of Mount Olive, North Carolina
CDBG NR-19-C-3131 Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2024

	<u>Project</u> <u>Authorization</u>	<u>Prior</u> <u>Years</u>	<u>Actual</u> <u>Current</u> <u>Year</u>	<u>Total to</u> <u>Date</u>	<u>Variance</u> <u>Positive</u> <u>(Negative)</u>
Revenues:					
Restricted intergovernmental:					
CDBG grant revenues	\$ 950,000	\$ 19,500	\$ 402,705	\$ 422,205	\$ (527,795)
Insurance proceeds	19,000	-	19,000	19,000	-
Total revenues	<u>950,000</u>	<u>19,500</u>	<u>421,705</u>	<u>441,205</u>	<u>(527,795)</u>
Expenditures:					
Administrative	275,000	19,500	31,386	50,886	224,114
Construction	694,000	-	390,319	390,319	303,681
Total expenditures	<u>969,000</u>	<u>19,500</u>	<u>421,705</u>	<u>441,205</u>	<u>527,795</u>
Net change in fund balance	<u>\$ (19,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Mount Olive, North Carolina
Waylin Fire District Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Local contributions	\$	\$ 283,524	\$
Total	<u>238,800</u>	<u>283,524</u>	<u>44,724</u>
Nonoperating revenues:			
Interest earnings		19,501	
Total	<u>33,077</u>	<u>19,501</u>	<u>(13,576)</u>
Total revenues	<u>271,877</u>	<u>303,025</u>	<u>31,148</u>
Expenditures:			
Salaries and benefits		39,723	
Operating expenditures		210,905	
Total	<u>271,877</u>	<u>250,628</u>	<u>21,249</u>
Net change in fund balance	<u>\$ -</u>	<u>52,397</u>	<u>\$ 52,397</u>
Fund balance, beginning		<u>1,124,572</u>	
Fund balance, ending		<u>\$ 1,176,969</u>	

Town of Mount Olive, North Carolina
Nelson Maple Street Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balance -
Budget and Actual (Non-GAAP)
For the Year Ended June 30, 2024

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
		<u>Prior Years</u>	<u>Current Year</u>		
Revenues:					
Restricted intergovernmental:					
NCEM Grant	\$ 964,100	\$ -	\$ 206,299	\$ 206,299	\$ (757,801)
Total revenues	<u>964,100</u>	<u>-</u>	<u>206,299</u>	<u>206,299</u>	<u>(757,801)</u>
Expenditures:					
Engineering	240,000	-	174,010	174,010	65,990
Construction	724,100	-	32,289	32,289	691,811
Total expenditures	<u>964,100</u>	<u>-</u>	<u>206,299</u>	<u>206,299</u>	<u>757,801</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Enterprise Funds

Town of Mount Olive, North Carolina
Municipal Airport Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual (Non – GAAP)
For the Year Ended June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Operating revenues	\$	\$ 306,386	\$
Total	334,000	306,386	(27,614)
Total revenues	334,000	306,386	(27,614)
Expenditures:			
Operations:			
Other operating expenditures		331,568	
Total	334,000	331,568	2,432
Total expenditures	334,000	331,568	2,432
Revenues over (under) expenditures	\$ -	(25,182)	\$ (25,182)
 Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses:		(25,182)	
Reconciling items:			
Depreciation		(65,188)	
Capital contributions		394,453	
Total reconciling items		329,265	
Change in net position		\$ 304,083	

Town of Mount Olive, North Carolina
Municipal Airport Capital Project Fund
Schedule of Revenues, Expenditures, and Changes in Fund Balances-
Budget and Actual (Non – GAAP)
From Inception and For the Year Ended June 30, 2024

	<u>Project</u>	<u>Actual</u>			<u>Variance</u>
	<u>Authorization</u>	<u>Prior</u>	<u>Current</u>	<u>Total to</u>	<u>Positive</u>
		<u>Years</u>	<u>Year</u>	<u>Date</u>	<u>(Negative)</u>
Revenues:					
Restricted intergovernmental:					
Federal grant	\$ 7,500,000	\$ 1,924,719	\$ 248,216	\$ 2,172,935	\$ (5,327,065)
State grant	889,913	1,837,042	31,579	1,868,621	978,708
Local contributions	-	65,527	-	65,527	65,527
Interest income			114,658	114,658	114,658
Total revenues	<u>8,389,913</u>	<u>3,827,288</u>	<u>394,453</u>	<u>4,107,083</u>	<u>(4,168,172)</u>
Expenditures:					
Administrative	829,558	239,104	40	239,144	590,414
Land acquisition	60,355	388,310	-	388,310	(327,955)
Engineering	1,500,000	196,378	79,608	275,986	1,224,014
Construction and improvements	6,000,000	3,050,719	201,181	3,251,900	2,748,100
Total expenditures	<u>8,389,913</u>	<u>3,874,511</u>	<u>280,829</u>	<u>4,155,340</u>	<u>4,234,573</u>
Revenues over (under) expenditures	<u>-</u>	<u>(47,223)</u>	<u>113,624</u>	<u>(48,257)</u>	<u>(48,257)</u>
Other financing sources (uses):					
Transfers in (out)	-	202,977	-	202,977	202,977
Loan proceeds	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>202,977</u>	<u>-</u>	<u>202,977</u>	<u>202,977</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 155,754</u>	<u>\$ 113,624</u>	<u>\$ 154,720</u>	<u>\$ 154,720</u>

Town of Mount Olive, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP)
For the Year Ending June 30, 2024

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Charges for services:			
Water sales:			
Residential and commercial	\$	\$ 3,681,025	\$
Water and sewer taps		15,590	
Other operating revenues		9,936	
Total	<u>3,670,500</u>	<u>3,706,551</u>	<u>36,051</u>
Nonoperating revenues:			
Interest earnings		61,154	
Total	<u>45,790</u>	<u>61,154</u>	<u>15,364</u>
Total revenues	<u>3,716,290</u>	<u>3,767,705</u>	<u>51,415</u>
Expenditures:			
Water and sewer administration:			
Salaries and benefits		106,309	
Contracted services		22,090	
Departmental supplies and materials		14,615	
Other		11,293	
Total water and sewer administration	<u>281,475</u>	<u>154,307</u>	<u>127,168</u>
Water and sewer operations:			
Collection and treatment:			
Salaries and benefits		492,664	
Utilities		193,878	
Contracted services		196,420	
Maintenance and repairs		149,099	
Departmental supplies and materials		127,768	
Other		76,292	
Total water and sewer operations	<u>1,270,464</u>	<u>1,236,121</u>	<u>34,343</u>
Water distribution:			
Salaries and benefits		991,781	
Utilities		98,471	
Contracted services		79,209	
Maintenance and repairs		100,749	
Departmental supplies and materials		137,564	
Other		61,805	
Total water distributions	<u>1,421,440</u>	<u>1,469,579</u>	<u>(48,139)</u>
Total expenditures	<u>\$ 2,973,379</u>	<u>\$ 2,860,007</u>	<u>\$ 113,372</u>

Town of Mount Olive, North Carolina
Water and Sewer Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non-GAAP) (continued)
For the Year Ending June 30, 2024

	Budget	Actual	Variance Positive (Negative)
Debt service:			
Interest and fees	\$	\$ 255,300	\$
Principal retirement		185,672	
Total	454,200	440,972	13,228
Capital Outlay:			
Water and sewer expansion		403,211	
Total	403,211	403,211	-
Total expenditures	3,830,790	3,704,190	126,600
Revenues over (under) expenditures	(114,500)	63,515	178,015
Other financing sources (uses):			
Transfers to General Fund	-	(840,053)	(840,053)
Transfers from ARPA Fund	84,500	-	(84,500)
Sale of capital assets	30,000	-	(30,000)
Total other financing sources (uses)	114,500	(840,053)	(954,553)
Revenues and other sources over expenditures and other uses:	\$ -	(776,538)	\$ (776,538)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues and other sources over expenditures and other uses:		(776,538)	
Reconciling items:			
Capital contributions		1,079,866	
Capital outlay		403,211	
Depreciation		(586,222)	
Amortization		(8,288)	
Decrease in compensated absences		45,711	
Increase in net pension liability		(91,548)	
Increase in deferred outflows of resources - pensions		17,599	
Increase in deferred inflows of resources - pensions		(15,458)	
Principal retirement		185,672	
Total reconciling items		1,030,543	
Change in net position		\$ 254,005	

Town of Mount Olive, North Carolina
Wastewater Treatment Capital Project Fund
Schedule of Revenues and Expenditures
Budget and Actual (Non - GAAP)
From Inception and For the 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 Positive (Negative)</u>
Revenues:					
Restricted intergovernmental:					
WWTP grant	\$ 20,722,000	\$ 5,412,837	\$ 386,668	\$ 5,799,505	\$ (14,922,495)
Interest income - WWTP	-	49	43	92	92
CDBG grant	2,000,000	333,896	693,155	1,027,051	(972,949)
Total revenues	<u>22,722,000</u>	<u>5,746,782</u>	<u>1,079,866</u>	<u>6,826,648</u>	<u>(15,895,352)</u>
Expenditures - WWTP:					
Engineering	2,516,000	540,481	263,926	804,407	1,711,593
Construction**	17,668,885	4,927,213	108,549	5,035,762	12,633,123
Administration	526,775	15,424	-	15,424	511,351
Permit fees	10,340	10,340	-	10,340	-
Total	<u>20,722,000</u>	<u>5,493,458</u>	<u>372,475</u>	<u>5,865,933</u>	<u>14,856,067</u>
Expenditures - CDBG:					
Construction	2,000,000	333,896	693,054	1,026,950	973,050
Total	<u>2,000,000</u>	<u>333,896</u>	<u>693,054</u>	<u>1,026,950</u>	<u>973,050</u>
Revenues over (under) expenditures	<u>-</u>	<u>(80,572)</u>	<u>14,337</u>	<u>(66,235)</u>	<u>(66,235)</u>
Other financing sources (uses):					
Transfers from W&S Fund (WWTP)	-	29,483	-	29,483	29,483
Total other financing sources (uses)	<u>-</u>	<u>29,483</u>	<u>-</u>	<u>29,483</u>	<u>29,483</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ (51,089)</u>	<u>\$ 14,337</u>	<u>\$ (36,752)</u>	<u>\$ (36,752)</u>

**As of July 1, 2023, construction expenditures reported in the "Prior Years" column were reduced by \$170,561 and reallocated to the Water and Sewer Fund's capital assets. This adjustment corrects the reporting of expenditures related to the Wastewater Treatment Capital Project Fund over the life of the project. This reallocation did not result in any changes to the net position or net capital assets.

Other Schedules

This section contains additional information on property taxes.

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

Town of Mount Olive, North Carolina
Schedule of Ad Valorem Taxes Receivable
June 30, 2024

<u>Fiscal Year</u>	<u>Uncollected Balances June 30, 2023</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balances June 30, 2024</u>
2023-2024	\$ -	\$ 2,021,696	\$ (1,975,033)	\$ 46,663
2022-2023	48,668	-	(27,011)	21,657
2021-2022	20,284	-	(6,999)	13,285
2020-2021	13,682	-	(4,545)	9,137
2019-2020	10,468	-	(2,377)	8,091
2018-2019	9,102	-	(1,866)	7,236
2017-2018	7,654	-	(848)	6,806
2016-2017	7,003	-	(1,194)	5,809
2015-2016	5,015	-	161	5,176
2014-2015	6,288	-	(2,213)	4,075
2013-2014	4,189	-	(4,189)	-
2012-2013	7,655	-	(7,655)	-
	<u>\$ 140,008</u>	<u>\$ 2,021,696</u>	<u>\$ (2,033,769)</u>	<u>127,935</u>

Less: allowance for uncollectible accounts - General Fund 16,861

Ad valorem taxes receivable - net \$ 111,074

Reconciliation with revenues:

Ad valorem taxes - General Fund \$ 2,025,046

Reconciling items:

Interest collected (10,466)

Discounts, releases, and other credits 7,387

Other 11,802

Subtotal 8,723

Total collections and credits \$ 2,033,769

Town of Mount Olive, North Carolina
Analysis of Current Year Tax Levy
For the Year Ended June 30, 2024

	Town-Wide Levy		Total Levy		
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 317,011,719	0.64	\$ 2,028,875	\$ 1,880,798	\$ 148,077
Discoveries:					
Current Year	32,500	0.64	208	208	-
Total	<u>32,500</u>		<u>208</u>	<u>208</u>	<u>-</u>
Releases:					
Current Year	<u>(1,154,219)</u>	0.64	<u>(7,387)</u>	<u>(7,387)</u>	<u>-</u>
Total property valuation	<u><u>\$ 315,890,000</u></u>				
Net levy			2,021,696	1,873,619	148,077
Uncollected taxes at June 30, 2024			<u>(46,663)</u>	<u>(46,663)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 1,975,033</u>	<u>\$ 1,826,956</u>	<u>\$ 148,077</u>
Current levy collection percentage			<u>97.69%</u>	<u>97.51%</u>	<u>100.00%</u>

Compliance Section

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs
N. C. Association of CPAs

To the Honorable Mayor and
Members of the Board of Commissioners
Mount Olive, North Carolina

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mount Olive, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprises the Town of Mount Olive's basic financial statements and have issued our report thereon dated November 29, 2024.

Internal Control over Financial Reporting

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

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

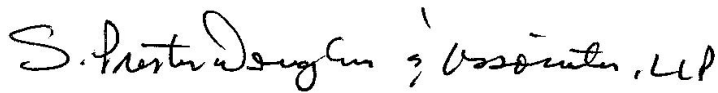
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses, that we consider to be material weaknesses (items 2024-001 and 2024-002).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Mount Olive's financial statements are free of 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and responses as items 2024-001 and 2024-002.

Purpose of this Report

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



Lumberton, North Carolina
November 29, 2024

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

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

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Commissioners
Mount Olive, North Carolina

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Town of Mount Olive, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Mount Olive's major federal programs for the year ended June 30, 2024. The Town of Mount Olive's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Mount Olive complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Mount Olive's compliance based on our audit.

Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance will always detect material noncompliance when it exists.

The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Town of Mount Olive's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

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

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

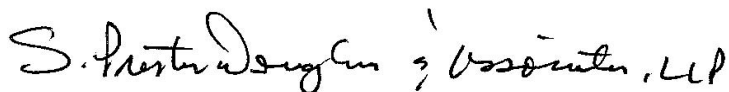
Report on Internal Control Over Compliance

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

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

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

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



Lumberton, North Carolina
November 29, 2024

S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS

American Institute of CPAs

N. C. Association of CPAs

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

To the Honorable Mayor and
Members of the Board of Commissioners
Mount Olive, North Carolina

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Mount Olive, North Carolina, compliance with the types of compliance requirements described in the OMB Compliance Supplement and the Audit Manual for Governmental Auditors in North Carolina, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Mount Olive's major State programs for the year ended June 30, 2024. The Town of Mount Olive's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Mount Olive complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2024.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Mount Olive's compliance based on our audit.

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

In performing an audit in accordance with GAAS, Government Auditing Standards, and the Uniform Guidance, we:

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

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

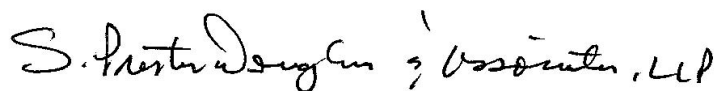
Report on Internal Control Over Compliance

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

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

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

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



Lumberton, North Carolina
November 29, 2024

**Town of Mount Olive, North Carolina
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2024**

Section I. Summary of Auditor's Results
--

Financial Statements

Type of auditor's report issued: Unmodified.

Internal control over financial reporting:

- Material weakness(es) identified? X Yes No
- Significant deficiency(s) identified that are not considered to be material weaknesses Yes X None reported
- Noncompliance material to financial statements X Yes No

Federal Awards

Internal control over major federal programs

- Material weakness(es) identified? Yes X No
- Significant deficiency(s) identified that are not considered to be material weaknesses Yes X None reported

Type of auditor's report issued on compliance for major federal programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) Yes X No

Identification of major federal programs:

<u>Names of Federal Programs of Clusters</u>	<u>Assistance Listing Numbers</u>
• Community Development Block Grant	14.228
• Passed-through NC Department of Transportation	20.106
• Rural Transformation Grant	11.473

Dollar threshold used to distinguish between Type A and Type B programs \$ 750,000

Auditee qualified as low-risk auditee? Yes X No

Town of Mount Olive, North Carolina
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2024

Section I. Summary of Auditor's Results (continued)
--

State Awards

Internal control over major State programs

- Material weakness(es) identified? _____ Yes _____ X

- Significant deficiency(s) identified that are not considered to be material weaknesses _____ Yes _____ X

Type of auditor's report issued on compliance for major State programs: Unmodified.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) _____ Yes _____ X

Identification of major State programs:

Names of State Programs

- Wastewater Treatment Grant Funds
- Powell Bill
- Airport Improvement Program
- Preparedness, Recovery and Mitigation Grant Programs

Dollar threshold used to distinguish between Type A and Type B programs \$ 500,000

Auditee qualified as low-risk auditee? _____ Yes _____ X

Town of Mount Olive, North Carolina
Schedule of Findings and Questioned Costs (continued)
For the Year Ended June 30, 2024

Section II. Financial Statement Findings

MATERIAL WEAKNESS

**Finding 2024 – 001 Material Noncompliance
Excess of Expenditures over Appropriations**

Criteria: N.C. General Statute 159-8(a) requires expenditures to remain within the limits established by the annual and project budget ordinances.

Condition: The Town exceeded appropriations in its approved budget ordinances during the fiscal year. In the Water and Sewer Fund, expenditures in the Transfers line item exceeded appropriations by \$840,053.

Effect: Failure to adhere to budgetary limits undermines financial oversight, increases the risk of fiscal instability, and could erode trust among stakeholders in the Town’s governance and fiscal management.

Cause: The Town did not monitor reports at frequent intervals to ensure budgetary compliance.

Repeat Finding: This is a repeat finding from the immediate previous four audits, 2023-001, 2022-001 and 2021-001, and 2020-001.

Recommendation: The Town should implement enhanced budget monitoring procedures, including regular reviews of budget-to-actual expenditures. Establishing a formal process for timely budget amendments to account for unexpected expenses is also essential. Additionally, providing training to department heads and financial staff on budget compliance requirements will help prevent future occurrences

Views of responsible officials and planned corrective actions:

The Town agrees with the finding and agrees to adhere to the correction action plan on page 82.

MATERIAL WEAKNESS/MATERIAL NONCOMPLIANCE

Finding: 2024 - 002 Minimum Fidelity Bond Coverage for Finance Officer

Criteria: N.C. General Statute 159.29 requires that the minimum fidelity bond for the finance officer be based on the annually budgeted fund amounts for the fiscal year or \$1,000,000. The fidelity bond protects the Town against potential fraudulent activities such as embezzlement, theft, or misappropriation of funds. This helps safeguard taxpayer money and public trust.

Condition: As of the date of this report, the finance officer is bonded for \$200,000. To comply with the statute, the Town must increase the coverage to \$1,000,000.

Effect: The Town is not in compliance with N.C. General Statute 159.29.

Cause: The Town was unaware of memo #2023-06, which informed finance officers about the change to the fidelity bond requirements, effective January 1, 2023.

Repeat Finding: This was not repeat finding.

Recommendation: The bond coverage should be increased to \$1,000,000 immediately.

View of responsible officials and planned corrective actions:

The Town agrees with the finding and agrees to adhere to the corrective action plan on page 82.



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

MATERIAL WEAKNESS/MATERIAL NONCOMPLIANCE

Finding 2024-001 Excess of Expenditures over Appropriations

Name of Contact Person: Jamie Butler, Finance Officer

Corrective Action: The Town has contracted with an accounting firm that has the skills, knowledge, and experience in governmental accounting to provide additional expertise needed to support the Town's business office.

Proposed Completion Date: Immediate

MATERIAL WEAKNESS/MATERIAL NONCOMPLIANCE

Finding 2024 - 002 Minimum Fidelity Bond Coverage for Finance Officer

Name of contact person: Jamie Butler, Finance Officer

Corrective Action: The Town will increase fidelity bond for the finance officer to \$1,000,000.

Proposed Completion Date: The Town will implement these changes in December, 2024.

Town of Mount Olive, North Carolina
Summary Schedule of Prior Year Audit Findings
For the Year Ended June 30, 2024

Finding: 2023-001 – Excess of Expenditures over Appropriations
Status: This finding **has not** been corrected.

Finding: 2023-002 – Bank Reconciliations
Status: This finding has been corrected.

Finding: 2023-003 – Late Audit
Status: This finding has been corrected.

Finding: 2023-004 – Material Journal Entries
Status: This finding has been corrected.

Finding: 2023-005 – Year-End Cutoff
Status: This finding has been corrected.

Finding: 2023-006 – Allowance for Doubtful Accounts
Status: This finding has been corrected.

Finding: 2022-001 – Excess of Expenditures over Appropriations
Status: This finding **has not** been corrected.

Finding: 2021-001 – Excess of Expenditures over Appropriations
Status: This finding **has not** been corrected.

Finding: 2020-001 – Excess of Expenditures over Appropriations
Status: This finding **has not** been corrected.

Finding: 2020-002 – Material Journal Entries
Status: This finding has been corrected.

Finding: 2020-003 - Financial Reporting and Recordkeeping Over Federal Awards
Status: This finding has been corrected.

Town of Mount Olive, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Year Ended June 30, 2024

Grantor/Pass-through Grant/Program Title	Assistant Listing Numbers	Award Number/State Pass-through Grantor's Number	Federal (Direct Pass- through) Expenditures	State Expenditures
<u>US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u>				
Passed through the NC Department of Environment Quality				
Community Development Block Grant	14.228	CDBG-15-I-3161	\$ -	\$ -
Community Development Block Grant	14.228	CDBG-20-I-3610	711,555	-
Community Development Block Grant	14.228	CDBG-NR 19-C-3131	-	-
Community Development Block Grant	14.228	CDBG-19-C-3131	402,705	-
Total US Dept of Housing and Urban Development			1,114,260	-
<u>US DEPARTMENT OF TRANSPORTATION</u>				
Passed-through NC Department of Transportation				
Airport Improvement Program	20.106		192,609	-
<u>US DEPARTMENT OF COMMERCE</u>				
Rural Transformation Grant	11.473		69,500	-
Total Federal Assistance			1,376,369	-
STATE GRANTS				
<u>OFFICE OF STATE BUDGET & MANAGEMENT</u>				
Wastewater Treatment Grant Funds		VUR-W-ARP-0069	-	191,060
Wastewater Treatment Grant Funds		VUR-W-ARP-0088	-	138,158
Wastewater Treatment Grant Funds		SRP-SW-ARP-0050	-	42,732
Wastewater Treatment Grant Funds		SRP-D-ARP-0359	-	525
Wastewater Treatment Grant Funds		VUR-T-ARP-0056	-	1,918
Total Office of State Budget & Management			-	374,393
<u>N.C. DEPARTMENT OF TRANSPORTATION</u>				
Powell Bill		DOT-4	-	107,835
Airport Improvement Program		DOT-8	-	47,827
Airport Improvement Program		DOT-8	-	39,358
Total N.C. Department of Transportation			-	195,020
<u>N.C. DEPARTMENT OF EMERGENCY MANAGEMENT</u>				
Preparedness, Recovery and Mitigation Grant Programs			-	98,455
Total State Assistance			-	667,868
Total Assistance			\$ 1,376,369	\$ 667,868

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

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Mount Olive under the programs of the federal government and the State of North Carolina for the year ended June 30, 2024. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for the Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Mount Olive, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Mount Olive.

Note 2. Summary of Significant Accounting Policies

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

Note 3. Indirect Cost Rate

The Town of Mount Olive has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.