# Town of Mount Olive
# Mount Olive, North Carolina

## Audited Financial Statements

## Year Ended June 30, 2025

**Town of Mount Olive, North Carolina**

**Audited Financial Statements**

**For the Year Ended June 30, 2025**

**Board of Commissioners**

J. Jerome Newton, Mayor

Barbara Kornegay, Mayor Pro-Tem

Delreese Simmons

Danny Keel

Tommy Brown

Vicky Darden

**Administrative Officers**

Joseph Trollinger, Finance Officer

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, 2025, 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, 2025, 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 Government 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 Government 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 Employees' 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 April 14, 2026 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.

S. Preston Douglas & Associates, LLP

Ocean Isle Beach, North Carolina
April 14, 2026

# Management's Discussion and Analysis

**Town of Mount Olive, North Carolina**
**Management's Discussion and Analysis**
**June 30, 2025**

As management of the Town of Mount Olive, we provide readers of the Town's financial statements with this narrative overview and analysis of the Town's financial activities for the fiscal year ended June 30, 2025. We encourage readers to consider this information in conjunction with the Town's financial statements and accompanying notes.

## Financial Highlights

- The Town's total assets and deferred outflows of resources exceeded its liabilities and deferred inflows of resources by $45,704,141 at the close of the fiscal year.

- The Town's total net position increased by $7,760,673 during the fiscal year. This increase was driven primarily by business-type activities, which rose by $8,083,996, while governmental activities decreased by $323,323.

- At year-end, the Town's governmental funds reported combined fund balances of $3,557,097, of which approximately 28.96% ($1,030,103) is available for discretionary spending.

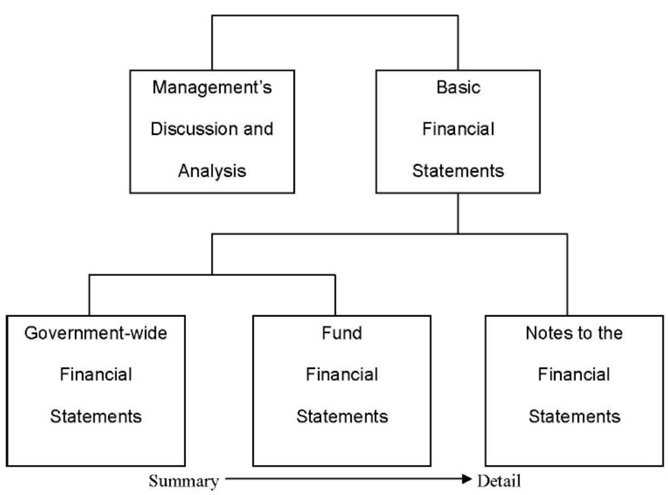
- The unassigned fund balance in the General Fund totaled $1,030,103, representing 21.10% of total General Fund expenditures.

## 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**



**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 gauge the Town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the Town's basic services such as 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.

**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 funds 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 23-56 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 57 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.

## Government-Wide Financial Analysis

### The Town of Mount Olive's Net Position
### Figure 2

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Current and other assets | $ 4,260,559 | $ 4,498,775 | $ 10,871,830 | $ 9,606,713 | $ 15,132,389 | $ 14,105,488 |
| Capital assets | 4,522,728 | 4,566,302 | 43,194,211 | 35,929,919 | 47,716,939 | 40,496,221 |
| Deferred outflows of resources | 906,799 | 1,029,681 | 428,045 | 494,682 | 1,334,844 | 1,524,363 |
| Total assets and deferred outflows of resources | 9,690,086 | 10,094,758 | 54,494,086 | 46,031,314 | 64,184,172 | 56,126,072 |
| Long-term liabilities outstanding | 88,165 | 22,415 | 6,880,141 | 6,112,671 | 6,968,306 | 6,135,086 |
| Other liabilities | 2,970,764 | 3,080,020 | 2,172,925 | 1,173,701 | 5,143,689 | 4,253,721 |
| Deferred inflows of resources | 147,941 | 185,784 | 6,220,095 | 24,081 | 6,368,036 | 209,865 |
| Total liabilities and deferred inflows of resources | 3,206,870 | 3,288,219 | 15,273,161 | 7,310,453 | 18,480,031 | 10,598,672 |
| Net position: | | | | | | |
| Net investment in capital assets | 3,954,603 | 3,906,067 | 37,236,781 | 29,817,248 | 41,191,384 | 33,723,315 |
| Restricted | 1,263,020 | 1,515,660 | - | - | 1,263,020 | 1,515,660 |
| Unrestricted | 1,265,593 | 1,384,812 | 1,984,144 | 1,319,681 | 3,249,737 | 2,704,493 |
| Total net position | $ 6,483,216 | $ 6,806,539 | $ 39,220,925 | $ 31,136,929 | $ 45,704,141 | $ 37,943,468 |

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The assets and deferred outflows of the Town exceeded liabilities and deferred inflows by $45,704,141 as of June 30, 2025. The Town's net position increased by $7,760,673 for the fiscal year ended June 30, 2025.

The largest portion of the Town's net position (90.13%) 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, $1,263,020, represents the Town's resources that are subject to external restrictions on how they may be used. The remaining balance of $3,249,737 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 97.62%.

## Government-Wide Financial Analysis (continued)

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 786,887 | $ 736,372 | $ 4,313,747 | $ 4,012,937 | $ 5,100,634 | $ 4,749,309 |
| Operating grants and contributions | 544,620 | 564,889 | - | - | 544,620 | 564,889 |
| Capital grants and contributions | 44,474 | 432,979 | 7,855,668 | 1,474,319 | 7,900,142 | 1,907,298 |
| General revenues: | | | | | | |
| Property taxes | 2,321,353 | 2,011,112 | - | - | 2,321,353 | 2,011,112 |
| Other taxes | 7,204 | 7,851 | - | - | 7,204 | 7,851 |
| Investment earnings | 127,357 | 31,064 | - | - | 127,357 | 31,064 |
| restricted to specific programs | 1,986,868 | 1,976,138 | - | - | 1,986,868 | 1,976,138 |
| Other | 33,041 | 82,683 | 106,453 | 61,154 | 139,494 | 143,837 |
| Total revenues | 5,851,804 | 5,843,088 | 12,275,868 | 5,548,410 | 18,127,672 | 11,391,498 |
| Expenses: | | | | | | |
| General government | 1,777,844 | 2,031,910 | - | - | 1,777,844 | 2,031,910 |
| Public safety | 3,008,015 | 2,508,123 | - | - | 3,008,015 | 2,508,123 |
| Transportation | 92,900 | 103,693 | - | - | 92,900 | 103,693 |
| Environmental protection | 685,096 | 452,257 | - | - | 685,096 | 452,257 |
| Cultural and recreation | 571,344 | 522,836 | - | - | 571,344 | 522,836 |
| Interest on long-term debt | 39,928 | 11,792 | - | - | 39,928 | 11,792 |
| Water and sewer | - | - | 3,835,416 | 3,238,138 | 3,835,416 | 3,238,138 |
| Municipal airport | - | - | 356,456 | 333,324 | 356,456 | 333,324 |
| Total expenses | 6,175,127 | 5,630,611 | 4,191,872 | 3,571,462 | 10,366,999 | 9,202,073 |
| Increase (decrease) in net position before transfers | (323,323) | 212,477 | 8,083,996 | 1,976,948 | 7,760,673 | 2,189,425 |
| Transfers | - | 840,053 | - | (840,053) | - | - |
| Increase (decrease) in net position | (323,323) | 1,052,530 | 8,083,996 | 1,136,895 | 7,760,673 | 2,189,425 |
| Net position - beginning | 6,806,539 | 5,754,009 | 31,136,929 | 30,000,034 | 37,943,468 | 35,754,043 |
| Net position - ending | $ 6,483,216 | $ 6,806,539 | $ 39,220,925 | $ 31,136,929 | $ 45,704,141 | $ 37,943,468 |

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

***Business-type activities.*** Business-type activities increased the Town's net position by $ 8,083,996 compared to prior year increase of $1,136,895. Key elements of the change in net position compared to prior year are as follows:

- $7,855,668 in capital grants and contributions compared to $1,474,319 in the prior year.
- The Town expended $5,926,364 on the Municipal Airport Capital Project Fund during the fiscal year.
- Charges for services increased by $300,810 compared to the prior year.

## 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 $1,218,546 while total fund balance reached $2,248,649. Of this total amount, $1,030,103 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 21.10% 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 $1,984,144. Other factors concerning this fund have been discussed in the Town's business-type activities.

## 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, 2025, totals $47,714,680 (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:

- Construction in progress for business-type activities increased by $8,442,829 during the fiscal year.
- Business-type activities recorded capital asset additions totaling $434,526 during the fiscal year.

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

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Land | $ 424,581 | $ 424,581 | $ 281,773 | $ 281,773 | $ 706,354 | $ 706,354 |
| Buildings and system | 387,652 | 397,618 | 22,436,689 | 22,952,942 | 22,824,341 | 23,350,560 |
| Improvements | 1,195,039 | 1,112,999 | 1,334,444 | 1,385,604 | 2,529,483 | 2,498,603 |
| Infrastructure | 214,839 | 221,120 | - | - | 214,839 | 221,120 |
| Vehicles and motorized equipment | 1,304,983 | 1,781,980 | 236,497 | 482,250 | 1,541,480 | 2,264,230 |
| Construction in progress | 995,634 | 628,004 | 18,902,549 | 10,827,350 | 19,898,183 | 11,455,354 |
| Total capital assets, net | $ 4,522,728 | $ 4,566,302 | $ 43,191,952 | $ 35,929,919 | $ 47,714,680 | $ 40,496,221 |

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 $9,516,137.

**The Town of Mount Olive's Outstanding Liabilities**
**Figure 5**

| | Governmental Activities | | Business-type Activities | | Total | |
|---|---|---|---|---|---|---|
| | 2025 | 2024 | 2025 | 2024 | 2025 | 2024 |
| Direct placement installment purchase | $ 490,434 | $ 509,592 | $ - | $ - | $ 490,434 | $ 509,592 |
| Capital leases | 77,691 | 150,643 | 2,808 | 8,285 | 80,499 | 158,928 |
| General obligation bonds | - | - | 3,721,535 | 3,798,493 | 3,721,535 | 3,798,493 |
| Revenue bonds | - | - | 2,230,828 | 2,283,544 | 2,230,828 | 2,283,544 |
| Net pension liability (LGERS) | 1,604,742 | 1,507,929 | 853,401 | 803,528 | 2,458,143 | 2,311,457 |
| Total pension obligation (LEO) | 473,833 | 434,420 | - | - | 473,833 | 434,420 |
| Compensated absences | 43,915 | 47,884 | 16,950 | 20,318 | 60,865 | 68,202 |
| Total outstanding debt | $ 2,690,615 | $ 2,650,468 | $ 6,825,522 | $ 6,914,168 | $ 9,516,137 | $ 9,564,636 |

### 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 $25,188,757 (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 53 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, 2026

**Governmental Activities –** The Town of Mount Olive held the tax rate constant at $0.75 per $100 of value. This action was taken even though this was a property revaluation year. It is anticipated that this decision will generate an increase in revenue specifically earmarked to help bolster the Town's general fund balance. Currently the Town's undesignated fund balance is 17% with the goal of a fund balance more in line with its peer group of 34%. Increasing the Town's fund balance is critical to its ability to response to emergency situations, plan for capital and infrastructure needs, and react to continued growth and development. A stronger fund balance helps secure financial health and allow flexibility in planning for the future.

**Business-type Activities –** The Town of Mount Olive adjusted its water and sewer rates to generate some budget flexibility and allow for infrastructure upgrades in the water and sewer system including new meters, improvements to filtration systems, and improved overall general maintenance. As the Town is designated as a distressed system by the Department of Environmental Quality, there are certain standards that need to be met along with continued operational improvement

### 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, 2025

| | Primary Government | | |
|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total |
| **ASSETS** | | | |
| Current assets: | | | |
| Cash and cash equivalents | $ 2,329,069 | $ 2,268,122 | $ 4,597,191 |
| Restricted cash and cash equivalents | 628,130 | 6,945,651 | 7,573,781 |
| Taxes receivable (net) | 119,084 | - | 119,084 |
| Inventories | - | 48,235 | 48,235 |
| Internal balances | 488,407 | (488,407) | - |
| Accounts receivable (net) | 195,202 | 2,098,229 | 2,293,431 |
| Due from other governments | 284,603 | - | 284,603 |
| **Total current assets** | 4,044,495 | 10,871,830 | 14,916,325 |
| Non-current assets: | | | |
| Right to use assets | 216,064 | 2,259 | 218,323 |
| Capital assets: | | | |
| Non-depreciable improvements | 1,420,215 | 18,641,494 | 20,061,709 |
| Other capital assets, net of depreciation | 3,102,513 | 24,550,458 | 27,652,971 |
| **Total capital assets** | 4,522,728 | 43,191,952 | 47,714,680 |
| **Total non-current assets** | 4,738,792 | 43,194,211 | 47,933,003 |
| **Total assets** | 8,783,287 | 54,066,041 | 62,849,328 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Pension deferrals | 906,799 | 428,045 | 1,334,844 |
| **Total deferred outflows of resources** | 906,799 | 428,045 | 1,334,844 |
| **LIABILITIES** | | | |
| Current liabilities: | | | |
| Accounts payable and accrued expenses | 368,314 | 2,012,172 | 2,380,486 |
| Current portion of compensated absences | 35,000 | - | 35,000 |
| Current portion of long-term liabilities | 88,165 | 160,753 | 248,918 |
| **Total current liabilities** | 491,479 | 2,172,925 | 2,664,404 |
| Long-term liabilities: | | | |
| Customer deposits | - | 215,372 | 215,372 |
| Non-current portion of compensated absences | 8,915 | 16,950 | 25,865 |
| Non-current portion of long-term liabilities | 479,960 | 5,794,418 | 6,274,378 |
| Net pension liability (LGERS) | 1,604,742 | 853,401 | 2,458,143 |
| Total pension liability (LEO) | 473,833 | - | 473,833 |
| **Total liabilities** | 3,058,929 | 9,053,066 | 12,111,995 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Pension deferrals | 147,941 | 15,966 | 163,907 |
| Unspent grant proceeds | - | 6,204,129 | 6,204,129 |
| **Total deferred inflows of resources** | 147,941 | 6,220,095 | 6,368,036 |
| **NET POSITION** | | | |
| Net investment in capital assets | 3,954,603 | 37,236,781 | 41,191,384 |
| Restricted for: | | | |
| Stabilization by State Statute | 619,743 | - | 619,743 |
| Other functions | 643,277 | - | 643,277 |
| Unrestricted | 1,265,593 | 1,984,144 | 3,249,737 |
| **Total net position** | $ 6,483,216 | $ 39,220,925 | $ 45,704,141 |

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, 2025

| | | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | |
|---|---|---|---|---|---|---|---|
| | | | Operating | Capital | Primary Government | | |
| | | Charges for | Grants and | Grants and | Governmental | Business-type | |
| **Functions/Programs** | **Expenses** | **Services** | **Contributions** | **Contributions** | **Activities** | **Activities** | **Total** |
| **Primary government:** | | | | | | | |
| **Governmental Activities:** | | | | | | | |
| General government | $ 1,777,844 | $ 220,644 | $ - | $ - | $ (1,557,200) | $ - | $ (1,557,200) |
| Public safety | 3,008,015 | 2,586 | 367,630 | - | (2,637,799) | - | (2,637,799) |
| Transportation | 92,900 | - | 176,990 | 44,474 | 128,564 | - | 128,564 |
| Environmental protection | 685,096 | 502,564 | - | - | (182,532) | - | (182,532) |
| Cultural and recreation | 571,344 | 61,093 | - | - | (510,251) | - | (510,251) |
| Interest on long-term debt | 39,928 | - | - | - | (39,928) | - | (39,928) |
| **Total governmental activities** | 6,175,127 | 786,887 | 544,620 | 44,474 | (4,799,146) | - | (4,799,146) |
| **Business-type activities:** | | | | | | | |
| Water and sewer | 3,835,416 | 3,988,561 | - | 1,597,723 | - | 1,750,868 | 1,750,868 |
| Municipal airport | 356,456 | 325,186 | - | 6,257,945 | - | 6,226,675 | 6,226,675 |
| **Total business-type activities** | 4,191,872 | 4,313,747 | - | 7,855,668 | - | 7,977,543 | 7,977,543 |
| **Total primary government** | $ 10,366,999 | $ 5,100,634 | $ 544,620 | $ 7,900,142 | (4,799,146) | 7,977,543 | 3,178,397 |
| **General revenues:** | | | | | | | |
| Taxes: | | | | | | | |
| Property taxes, levied for general purpose | | | | | 2,321,353 | - | 2,321,353 |
| Unrestricted intergovernmental | | | | | 1,986,868 | - | 1,986,868 |
| Other taxes and licenses | | | | | 7,204 | - | 7,204 |
| Investment earnings, unrestricted | | | | | 127,357 | 106,453 | 233,810 |
| Miscellaneous, unrestricted | | | | | 33,041 | - | 33,041 |
| **Total general revenues** | | | | | 4,475,823 | 106,453 | 4,582,276 |
| **Change in net position** | | | | | (323,323) | 8,083,996 | 7,760,673 |
| **Net position - beginning** | | | | | 6,806,539 | 31,136,929 | 37,943,468 |
| **Net position - ending** | | | | | $ 6,483,216 | $ 39,220,925 | $ 45,704,141 |

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, 2025

| | Major Funds | | | | Total |
|---|---|---|---|---|---|
| | General Fund | CDBG Fund | Waylin Fire District Fund | Nelson Maple Street Fund | Governmental Funds |
| **ASSETS** | | | | | |
| Cash and cash equivalents | $ 1,382,437 | $ - | $ 946,632 | $ - | $ 2,329,069 |
| Restricted cash and cash equivalents | 598,803 | 29,327 | - | - | 628,130 |
| Receivables, net: | | | | | |
| Taxes | 119,084 | - | - | - | 119,084 |
| Accounts | 187,274 | - | - | 7,928 | 195,202 |
| Due from other funds | 160,695 | - | 351,091 | 104,566 | 616,352 |
| Due from other governments | 271,774 | - | 12,829 | - | 284,603 |
| **Total assets** | $ 2,720,067 | $ 29,327 | $ 1,310,552 | $ 112,494 | $ 4,172,440 |
| **LIABILITIES** | | | | | |
| Accounts payable and accrued liabilities | $ 293,164 | $ 28,572 | $ 46,578 | $ - | $ 368,314 |
| Due to other funds | 59,170 | 755 | - | 68,020 | 127,945 |
| **Total liabilities** | 352,334 | 29,327 | 46,578 | 68,020 | 496,259 |
| **DEFERRED INFLOWS OF RESOURCES** | | | | | |
| Property taxes receivable | 119,084 | - | - | - | 119,084 |
| **Total deferred inflows of resources** | 119,084 | - | - | - | 119,084 |
| **FUND BALANCES** | | | | | |
| Restricted: | | | | | |
| Stabilization by State Statute | 619,743 | - | - | - | 619,743 |
| Streets | 598,803 | - | - | 44,474 | 643,277 |
| Committed: | | | | | |
| Public Safety | - | - | 1,263,974 | - | 1,263,974 |
| Unassigned | 1,030,103 | - | - | - | 1,030,103 |
| **Total fund balances** | 2,248,649 | - | 1,263,974 | 44,474 | 3,557,097 |
| **Total liabilities, deferred inflows of resources, and fund balances** | $ 2,720,067 | $ 29,327 | $ 1,310,552 | $ 112,494 | $ 4,172,440 |

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, 2025

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

| | | |
|---|---|---|
| Total fund balances, governmental funds | | $ 3,557,097 |
| Capital assets used in governmental activities are not financial resources and therefore not reported in the funds. | | |
| Gross capital assets at historical cost | 14,732,720 | |
| Accumulated depreciation | (10,209,992) | 4,522,728 |
| 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 | (112,464) | 216,064 |
| Deferred outflows of resources related to pensions and are not reported in the funds | | 906,799 |
| Earned revenues considered deferred inflows of resources in fund statements | | 119,084 |
| Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds: | | |
| Gross long-term debt | | (612,040) |
| Net pension liability | | (1,604,742) |
| Total pension liability | | (473,833) |
| Pension related deferrals | | (147,941) |
| **Net position of governmental activities** | | $ 6,483,216 |

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

| | Major Funds | | | | Total |
|---|---|---|---|---|---|
| | General Fund | CDBG Fund | Waylin Fire District Fund | Nelson Maple Street Fund | Governmental Funds |
| **Revenues:** | | | | | |
| Ad valorem taxes | $ 2,313,343 | $ - | $ - | $ - | $ 2,313,343 |
| Other taxes and licenses | 7,204 | - | - | - | 7,204 |
| Unrestricted intergovernmental | 1,714,938 | | 271,930 | - | 1,986,868 |
| Restricted intergovernmental | 176,990 | 367,630 | - | 44,474 | 589,094 |
| Permits and fees | 8,670 | - | - | - | 8,670 |
| Sales and services | 778,217 | - | - | - | 778,217 |
| Investment earnings | 61,978 | - | 65,379 | - | 127,357 |
| Miscellaneous | 33,041 | - | - | - | 33,041 |
| **Total revenues** | 5,094,381 | 367,630 | 337,309 | 44,474 | 5,843,794 |
| **Expenditures:** | | | | | |
| Current: | | | | | |
| General government | 1,489,788 | - | - | - | 1,489,788 |
| Public safety | 2,178,818 | 367,630 | 591,097 | - | 3,137,545 |
| Transportation | 31,084 | - | - | - | 31,084 |
| Environmental protection | 685,096 | - | - | - | 685,096 |
| Cultural and recreational | 399,689 | - | - | - | 399,689 |
| Debt service: | | | | | |
| Principal | 69,423 | - | 22,687 | - | 92,110 |
| Interest and other charges | 28,408 | - | 11,520 | - | 39,928 |
| **Total expenditures** | 4,882,306 | 367,630 | 625,304 | - | 5,875,240 |
| **Excess (deficiency) of revenues over expenditures** | 212,075 | - | (287,995) | 44,474 | (31,446) |
| **Other financing sources (uses):** | | | | | |
| Transfers from (to) other funds | (375,000) | - | 375,000 | - | - |
| **Total other financing sources (uses)** | (375,000) | - | 375,000 | - | - |
| **Net change in fund balances** | (162,925) | - | 87,005 | 44,474 | (31,446) |
| **Fund balance, beginning** | 2,411,574 | - | 1,176,969 | - | 3,588,543 |
| **Fund balance, ending** | $ 2,248,649 | $ - | $ 1,263,974 | $ 44,474 | $ 3,557,097 |

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, 2025

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

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | | $ (31,446) |
| 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. | | |
| Amortization expense for governmental assets | $ (28,116) | |
| Capital outlay expenditures which were capitalized | 589,068 | |
| Depreciation expense for governmental assets | (632,642) | (71,690) |
| Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities | | 276,337 |
| Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities | | 47,555 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Change in unavailable revenue for tax revenues | | 8,010 |
| 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 debt and related items. | | |
| Principal payments on long-term debt | 92,110 | |
| (Increase) decrease in accrued interest payable | (103,011) | (10,901) |
| Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. | | |
| Compensated absences | 3,969 | |
| Pension revenue (expense) | (545,157) | (541,188) |
| **Total changes in net position of governmental activities** | | $ (323,323) |

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, 2025

| | Original Budget | Final Budget | Actual Amounts | Variance with Final Budget Positive (Negative) |
|---|---|---|---|---|
| **Revenues:** | | | | |
| Ad valorem taxes | $ 2,670,700 | $ 2,694,255 | $ 2,313,343 | $ (380,912) |
| Other taxes and licenses | 6,000 | 16,000 | 7,204 | (8,796) |
| Unrestricted intergovernmental | 1,400,867 | 1,802,000 | 1,714,938 | (87,062) |
| Restricted intergovernmental | 111,000 | 336,889 | 176,990 | (159,899) |
| Permits and fees | 9,000 | 9,900 | 8,670 | (1,230) |
| Sales and services | 755,000 | 914,880 | 778,217 | (136,663) |
| Investment earnings | 13,000 | 13,000 | 61,978 | 48,978 |
| Miscellaneous | 100,000 | 349,500 | 33,041 | (316,459) |
| **Total revenues** | 5,065,567 | 6,136,424 | 5,094,381 | (1,042,043) |
| **Expenditures:** | | | | |
| Current: | | | | |
| General government | 1,337,574 | 1,718,450 | 1,489,788 | 228,662 |
| Public safety | 2,231,329 | 2,588,127 | 2,178,818 | 409,309 |
| Transportation | 146,000 | 146,000 | 31,084 | 114,916 |
| Environmental protection | 547,654 | 729,137 | 685,096 | 44,041 |
| Cultural and recreational | 308,300 | 460,000 | 399,689 | 60,311 |
| Debt service: | | | | |
| Principal retirement | 95,768 | 90,768 | 69,423 | 21,345 |
| Interest and other charges | 23,942 | 28,942 | 28,408 | 534 |
| **Total expenditures** | 4,690,567 | 5,761,424 | 4,882,306 | 879,118 |
| **Revenues over (under) expenditures** | 375,000 | 375,000 | 212,075 | (162,925) |
| **Other financing sources (uses):** | | | | |
| Transfers (to) from other funds | (375,000) | (375,000) | (375,000) | - |
| **Total other financing sources (uses)** | (375,000) | (375,000) | (375,000) | - |
| Fund balance appropriated | - | - | - | - |
| **Net change in fund balances** | $ - | $ - | (162,925) | $ (162,925) |
| **Fund balance, beginning** | | | 2,411,574 | |
| **Fund balance, ending** | | | $ 2,248,649 | |

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, 2025

| | Major Enterprise Funds | | |
|---|---|---|---|
| ASSETS | Water and Sewer Fund | Municipal Airport Fund | Total |
| Current assets: | | | |
| Cash and cash equivalents | $ 2,213,799 | $ 54,323 | $ 2,268,122 |
| Restricted cash and cash equivalents | 215,372 | 6,730,279 | 6,945,651 |
| Accounts receivable (net) | 942,253 | 1,155,976 | 2,098,229 |
| Due from other funds | 59,324 | - | 59,324 |
| Inventories | - | 48,235 | 48,235 |
| **Total current assets** | 3,430,748 | 7,988,813 | 11,419,561 |
| Non-current assets: | | | |
| Right to use assets | 2,259 | - | 2,259 |
| Capital assets: | | | |
| Land and other non-depreciable assets | 8,358,808 | 10,282,686 | 18,641,494 |
| Other capital assets, net of depreciation | 23,031,840 | 1,518,618 | 24,550,458 |
| **Capital assets (net)** | 31,390,648 | 11,801,304 | 43,191,952 |
| **Total noncurrent assets** | 31,392,907 | 11,801,304 | 43,194,211 |
| **Total assets** | 34,823,655 | 19,790,117 | 54,613,772 |
| **DEFERRED OUTFLOWS OF RESOURCES** | | | |
| Pension deferrals | 428,045 | - | 428,045 |
| **Total deferred outflows of resources** | 428,045 | - | 428,045 |
| **LIABILITIES** | | | |
| Current liabilities: | | | |
| Accounts payable and accrued liabilities | 813,208 | 1,198,964 | 2,012,172 |
| Due to other funds | 317,932 | 229,799 | 547,731 |
| Current portion of long-term debt | 160,753 | - | 160,753 |
| **Total current liabilities** | 1,291,893 | 1,428,763 | 2,720,656 |
| Noncurrent liabilities: | | | |
| Liabilities payable from restricted assets: | | | |
| Customer deposits | 215,372 | - | 215,372 |
| Compensated absences | 16,950 | - | 16,950 |
| Net pension liability | 853,401 | - | 853,401 |
| Noncurrent portion of long term debt | 5,794,418 | - | 5,794,418 |
| **Total noncurrent liabilities** | 6,880,141 | - | 6,880,141 |
| **Total liabilities** | 8,172,034 | 1,428,763 | 9,600,797 |
| **DEFERRED INFLOWS OF RESOURCES** | | | |
| Pension deferrals | 15,966 | - | 15,966 |
| Unspent grant proceeds | - | 6,204,129 | 6,204,129 |
| **Total deferred inflows of resources** | 15,966 | 6,204,129 | 6,220,095 |
| **NET POSITION** | | | |
| Net investment in capital assets | 25,435,477 | 11,801,304 | 37,236,781 |
| Unrestricted | 1,628,223 | 355,921 | 1,984,144 |
| **Total net position** | $ 27,063,700 | $ 12,157,225 | $ 39,220,925 |

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, 2025

| | Major Enterprise Funds | | |
|---|---|---|---|
| | Water and Sewer Fund | Municipal Airport Fund | Total |
| **Operating revenues:** | | | |
| Charges for services | $ 3,966,403 | $ 325,186 | $ 4,291,589 |
| Water and sewer taps | 12,425 | - | 12,425 |
| Other operating revenues | 9,733 | - | 9,733 |
| **Total operating revenues** | 3,988,561 | 325,186 | 4,313,747 |
| **Operating expenses:** | | | |
| Administration | 345,883 | 291,268 | 637,151 |
| Water and sewer operations | 1,217,515 | - | 1,217,515 |
| Water distribution | 1,368,693 | - | 1,368,693 |
| Depreciation | 639,676 | 65,188 | 704,864 |
| Amortization | 8,288 | - | 8,288 |
| **Total operating expenses** | 3,580,055 | 356,456 | 3,936,511 |
| **Operating income (loss)** | 408,506 | (31,270) | 377,236 |
| **Nonoperating revenues (expenses):** | | | |
| Investment earnings | 106,453 | - | 106,453 |
| Interest and other charges | (255,361) | - | (255,361) |
| **Total nonoperating revenue (expenses)** | (148,908) | - | (148,908) |
| **Income (loss) before contributions** | 259,598 | (31,270) | 228,328 |
| Capital contributions | 1,597,723 | 6,257,945 | 7,855,668 |
| **Change in net position** | 1,857,321 | 6,226,675 | 8,083,996 |
| **Net position, beginning** | 25,206,379 | 5,930,550 | 31,136,929 |
| **Total net position, ending** | $ 27,063,700 | $ 12,157,225 | $ 39,220,925 |

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, 2025

| | Major Enterprise Funds | | |
|---|---|---|---|
| | Water and Sewer Fund | Municipal Airport Fund | Total |
| **Cash flows from operating activities:** | | | |
| Cash received from customers | $ 3,462,714 | $ (811,491) | $ 2,651,223 |
| Cash paid for goods and services | (1,019,116) | 872,487 | (146,629) |
| Cash paid to employees for services | (1,531,634) | - | (1,531,634) |
| **Net cash provided (used) by operating activities** | 911,964 | 60,996 | 972,960 |
| **Cash flows from non-capital financing activities:** | | | |
| Increase (decrease) in unearned grant revenue | - | (1,248,044) | (1,248,044) |
| Increase (decrease) in due to other funds | (82,524) | 398 | (82,126) |
| **Net cash provided (used) by non-capital financing activities** | (82,524) | (1,247,646) | (1,330,170) |
| **Cash flows from capital and related financing activities:** | | | |
| Capital contributions and grants | 1,597,723 | 6,257,945 | 7,855,668 |
| Acquisition and construction of capital assets | (2,040,535) | (5,926,364) | (7,966,899) |
| Principal paid on bond and note agreements | (157,500) | - | (157,500) |
| Interest paid on bond note agreements | (255,361) | - | (255,361) |
| **Net cash provided (used) by capital and related financing activities** | (855,673) | 331,581 | (524,092) |
| **Cash flows from investing activities:** | | | |
| Interest on investments | 106,453 | - | 106,453 |
| **Net cash provided (used) by investing activities** | 106,453 | - | 106,453 |
| **Net increase (decrease) in cash and cash equivalents** | 80,220 | (855,069) | (774,849) |
| **Cash and cash equivalents - beginning of year** | 2,348,951 | 7,639,671 | 9,988,622 |
| **Cash and cash equivalents - end of year** | $ 2,429,171 | $ 6,784,602 | $ 9,213,773 |

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, 2025**

| | 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)** | $ 408,506 | $ (31,270) | $ 377,236 |
| **Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:** | | | |
| Depreciation | 639,676 | 65,188 | 704,864 |
| Amortization | 8,288 | - | 8,288 |
| Change in assets, deferred outflows of resources, and liabilities: | | | |
| (Increase) decrease in accounts receivable | (525,847) | (1,136,677) | (1,662,524) |
| (Increase) decrease in inventory | - | 12,526 | 12,526 |
| Increase (decrease) in pension liability | 49,873 | - | 49,873 |
| Change in deferred outflows of resources - pensions | 66,637 | - | 66,637 |
| Change in deferred inflows of resources - pensions | (8,115) | - | (8,115) |
| Increase (decrease) customer deposits | 11,283 | - | 11,283 |
| Increase (decrease) in payables and accrued liabilities | 282,689 | 1,151,229 | 1,433,918 |
| Increase (decrease) in compensated absences | (21,026) | - | (21,026) |
| **Total adjustments** | 503,458 | 92,266 | 595,724 |
| **Net cash provided (used) by operating activities** | $ 911,964 | $ 60,996 | $ 972,960 |

# Notes to the Financial Statements

## 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 are presented for each fund category – governmental and proprietary. 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 which each party receives and gives up essentially equal values. Non-operating revenues, such as subsidies, result from nonexchange 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, culture and recreation 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

## 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.

## 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, 2025 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.

## 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, 2025, 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.

## 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 | $ | 598,803 |
| CDBG Capital Project | | 29,327 |
| Total Governmental Activities | | 628,130 |
| | | |
| Business-type activities: | | |
| Water and Sewer Fund | | |
| Customer deposits | | 215,372 |
| Municipal Airport grant funds | | 6,730,279 |
| Total business-type activities | | 6,945,651 |
| | | |
| Total restricted cash | $ | 7,573,781 |

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, 2024. As allowed by State law, the Town has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Town's General Fund, ad valorem tax 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.

## 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:

| | Estimated Useful Lives |
|---|---|
| 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 2025 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the 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.

**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 designed 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.

**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.

## NOTE 2 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

1. Noncompliance with North Carolina General Statutes

N.C. General Statute 159-34(a) states the Board should have its accounts audited as soon as possible after the close of each fiscal year by a certified public accountant. The deadline to submit June 30 year end audits to the Local Government Commission is December 31. The June 30, 2025, audit was submitted on April 17, 2026.

The Town is required to submit LGC-203/COLL-91 forms in accordance with prescribed deadlines. Timely submission is necessary to ensure compliance with G.S. 159-33. The Town filed the LGC-203/COLL-91 form late. the December 31, 2024 and June 30, 2025 forms were due January 25, 2025 and July 25, 2025, respectively. Both forms were submitted after the deadlines on August 10 , 2025.

The Town is required to comply with N.C. G.S. 159-28(a), which requires that all obligations be preaudited by the Finance Officer or a designated deputy to ensure that the expenditure is included in the budget ordinance and that sufficient funds remain in the applicable appropriation prior to the obligation being incurred. The Town did not perform the required preaudit process for purchases within the Airport Operations Fund. As a result, fuel inventory purchases were made without evidence of preaudit certification and exceeded appropriated amounts within the fund.

A federal single audit must be submitted to the Federal Audit Clearinghouse (FAC) nine months from the Town's June 30 fiscal year end. The June 30, 2025 audit was not submitted to the FAC as of March 31, 2026.

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

None

## 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, 2025, the Town's deposits had a carrying amount of $9,341,275 and a bank balance of $9,315,308. Of the bank balance, $500,000 was covered by federal deposit insurance and the remainder was covered under the pooling method. At June 30, 2025, the petty cash fund totaled $3,360.

2. Investments

At June 30, 2025, the Town of Mount Olive had $2,826,337 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, 2025 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 |

**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, 2025, was as follows:

| **Governmental activities:** | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Capital assets not being depreciated:** | | | | |
| Land | $ 424,581 | $ - | $ - | $ 424,581 |
| Construction in progress | 628,004 | 367,630 | - | 995,634 |
| Total capital assets not being depreciated | 1,052,585 | 367,630 | - | 1,420,215 |
| **Capital assets being depreciated:** | | | | |
| Buildings | 910,226 | - | - | 910,226 |
| Equipment and vehicles | 6,307,982 | 67,201 | - | 6,375,183 |
| Improvements | 5,608,763 | 154,237 | - | 5,763,000 |
| Infrastructure | 264,096 | - | - | 264,096 |
| Total capital assets being depreciated | 13,091,067 | 221,438 | - | 13,312,505 |
| **Less accumulated depreciation for:** | | | | |
| Buildings | 512,608 | 9,966 | - | 522,574 |
| Equipment and vehicles | 4,526,002 | 544,198 | - | 5,070,200 |
| Improvements | 4,495,764 | 72,197 | - | 4,567,961 |
| Infrastructure | 42,976 | 6,281 | - | 49,257 |
| Total accumulated depreciation | 9,577,350 | 632,642 | - | 10,209,992 |
| Total capital assets being depreciated, net | 3,513,717 | | | 3,102,513 |
| **Governmental activities capital assets, net** | $ 4,566,302 | | | $ 4,522,728 |

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

| | |
|---|---|
| General government | 81,309 |
| Public safety | 330,689 |
| Cultural and recreation | 61,816 |
| Environmental protection | 158,828 |
| Total depreciation expense | $ 632,642 |

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**A - Assets (continued)**

4. Capital Assets (continued)

| **Business-type activities:** **Water and Sewer fund:** | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Capital assets not being depreciated:** | | | | |
| Land | $ 23,252 | $ - | $ - | $ 23,252 |
| Construction in progress | 6,729,547 | 1,606,009 | - | 8,335,556 |
| Total capital assets not being depreciated | 6,752,799 | 1,606,009 | - | 8,358,808 |
| **Capital assets being depreciated:** | | | | |
| Buildings | 5,119,437 | - | - | 5,119,437 |
| Substations, lines | 29,272,957 | - | - | 29,272,957 |
| Equipment & maintenance | 1,230,718 | 434,526 | - | 1,665,244 |
| Vehicles | 485,972 | - | - | 485,972 |
| Total capital assets being depreciated | 36,109,084 | 434,526 | - | 36,543,610 |
| **Less accumulated depreciation for:** | | | | |
| Buildings | 5,119,438 | - | - | 5,119,438 |
| Substations, lines | 6,482,953 | 504,026 | - | 6,986,979 |
| Equipment & maintenance | 1,014,486 | 107,929 | - | 1,122,415 |
| Vehicles | 255,217 | 27,721 | - | 282,938 |
| Total accumulated depreciation | 12,872,094 | 639,676 | - | 13,511,770 |
| Total capital assets being depreciated, net | 23,236,990 | | | 23,031,840 |
| **Water and Sewer fund capital assets, net** | $ 29,989,789 | | | $ 31,390,648 |

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**A - Assets (continued)**

4. Capital Assets (continued)

| Municipal Airport fund: | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Capital assets being depreciated:** | | | | |
| Land | $ 258,521 | $ - | $ - | $ 258,521 |
| Construction in progress | 4,097,803 | 5,926,362 | - | 10,024,165 |
| Total capital assets not being depreciated | 4,356,324 | 5,926,362 | - | 10,282,686 |
| **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 | 2,701,785 | - | - | 2,701,785 |
| **Less accumulated depreciation for:** | | | | |
| Buildings | 292,120 | 12,227 | - | 304,347 |
| Improvements | 660,798 | 51,160 | - | 711,958 |
| Equipment & maintenance | 165,061 | 1,801 | - | 166,862 |
| Total accumulated depreciation | 1,117,979 | 65,188 | - | 1,183,167 |
| Total capital assets being depreciated, net | 1,583,806 | | | 1,518,618 |
| **Municipal Airport fund activity - capital assets, net** | $ 5,940,130 | | | $ 11,801,304 |

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**A - Assets (continued)**

5. Right to Use Leased Assets

The Town has records rights to use leased assets. The assets are right to use assets for leased vehicles. The related leases are discussed in the Leases subsection of the Liabilities section of this note. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the Primary Government for the year ended June 30, 2025, was as follows:

| Governmental activities: | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Right to use assets:** | | | | |
| Vehicles | $ 328,528 | $ - | $ - | $ 328,528 |
| Total right to use assets | 328,528 | - | - | 328,528 |
| **Less accumulated amortization for:** | | | | |
| Vehicles | 84,348 | 28,116 | - | 112,464 |
| Total accumulated amortization | 84,348 | 28,116 | - | 112,464 |
| **Governmental right to use assets, net** | $ 244,180 | | | $ 216,064 |

Right to use asset activity for the Proprietary Funds for the year ended June 30, 2025, was as follows:

| Business-type activities: | Beginning Balances | Increases | Decreases | Ending Balances |
|---|---|---|---|---|
| **Right to use assets:** | | | | |
| Vehicles | $ 27,123 | $ - | $ - | $ 27,123 |
| Total right to use assets | 27,123 | - | - | 27,123 |
| **Less accumulated amortization for:** | | | | |
| Vehicles | 16,576 | 8,288 | - | 24,864 |
| Total accumulated amortization | 16,576 | 8,288 | - | 24,864 |
| **Business-type right to use assets, net** | $ 10,547 | | | $ 2,259 |

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - <u>Liabilities</u>**

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, 2025, 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 $418,694 for the year ended June 30, 2025.

**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, 2025, the Town reported a liability of $2,458,143 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024, the Town's proportion was .0365%, which was an decrease of 0.00003% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense (revenue) of $737,502. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|---|
| Differences between expected and actual experience | $ 430,760 | $ 2,896 |
| Changes of assumptions | - | - |
| Net difference between projected and actual earnings on pension plan investments | 334,183 | - |
| Changes in proportion and differences between Town contributions and proportionate share of contributions | 20,315 | 39,489 |
| Town contributions subsequent to the measurement date | 418,694 | - |
| Total | $ 1,203,952 | $ 42,385 |

$418,694 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, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year ended June 30: | |
|---|---|
| 2026 | $ 232,842 |
| 2027 | 467,078 |
| 2028 | 80,740 |
| 2029 | (37,787) |
| 2030 | - |
| Thereafter | - |

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**B - <u>Liabilities (continued)</u>**

1. Pension Plan and Postemployment Obligations (continued)

***a. Local Governmental Employees' Retirement System (continued)***

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

| | |
|---|---|
| Inflation | 3.0 percent |
| Salary increases | 3.50 to 8.10 percent, including inflation and productivity factor |
| Investment rate of return | 7.00 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, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019.

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

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

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

**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) | $ 4,355,901 | $ 2,458,143 | $ 896,976 |

*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.

**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, 2023, the Separation Allowance's membership consisted of:

| | |
|---|---|
| Retirees and dependents receiving benefits | 3 |
| Active plan members | 18 |
| Total | 21 |

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

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

The discount rate 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.

**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 $39,489 as benefits came due for the reporting period

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

At June 30, 2025, the Town reported a total pension liability of $473,833. The total pension liability was measured as of December 31, 2024 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of $58,406.

| | Deferred Outflow of | Deferred Inflows of |
|---|---|---|
| Differences between expected and actual experience | $ 77,770 | $ 53,819 |
| Changes of assumptions | 53,122 | 67,703 |
| **Total** | $ 130,892 | $ 121,522 |

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:** | |
|---|---|
| 2026 | $ 14,666 |
| 2027 | 9,366 |
| 2028 | (11,767) |
| 2029 | (9,313) |
| 2030 | 2,412 |
| Thereafter | 4,006 |

**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 4.28 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current rate:

| | 1% Decrease (3.28%) | Discount rate (4.28%) | 1% Increase (5.28%) |
|---|---|---|---|
| Total pension liability | $ 516,926 | $ 473,833 | $ 435,188 |

| | 2025 |
|---|---|
| Beginning balance | $ 434,420 |
| Service cost | 28,424 |
| Interest on the total pension liability | 16,426 |
| Differences between expected and actual experience in the measurement of the total pension liability | 53,719 |
| Changes of assumptions or other inputs | (11,601) |
| Benefit payments | (47,555) |
| Ending balance of the total pension liability | $ 473,833 |

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

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

**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:

| | LGERS | LEOSSA | Total |
|---|---|---|---|
| Pension Expense | $ 737,502 | $ 58,406 | $ 795,908 |
| Pension Liability | 2,458,143 | 473,833 | 2,931,976 |
| Proportionate share of the net pension liability | 0.03646% | n/a | |
| | | | |
| Deferred of Outflows of Resources | | | |
| Differences between expected and actual experience | 430,760 | 77,770 | 508,530 |
| Changes of assumptions | - | 53,122 | 53,122 |
| Net difference between projected and actual earnings on plan investments | 334,183 | - | 334,183 |
| Changes in proportion and differences between contributions and proportionate share of contributions | 20,315 | - | 20,315 |
| Benefit payments and administrative costs paid subsequent to the measurement date | 418,694 | - | 418,694 |
| | | | |
| Deferred of Inflows of Resources | | | |
| Difference between expected and actual experience | 2,896 | 53,819 | 56,715 |
| Changes of assumptions | - | 67,703 | 67,703 |
| Net difference between projected and actual earnings on plan investments | - | - | - |
| Changes in proportion and differences between contributions and proportionate share of contributions | 39,489 | - | 39,489 |

**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, 2025 were $39,489 which consisted of $39,489 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.

**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 | $ | 418,694 |
| Differences between expected ad actual experience | | 508,530 |
| Changes of assumptions | | 53,122 |
| Net difference between projected and actual | | 334,183 |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | | 20,315 |
| **Total** | $ | 1,334,844 |

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) | $ | - | $ | 119,084 |
| Changes in assumptions | | 67,703 | | - |
| Differences between expected and actual experience | | 56,715 | | - |
| Changes in proportion and differences between employer contributions and proportionate share of contributions | | 39,489 | | - |
| Unspent grant proceeds | | 6,204,129 | | - |
| **Total** | $ | 6,368,036 | $ | 119,084 |

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.

## 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 $1,000,000 and the tax collector is bonded for $25,000.

4. Claims, Judgments and Contingent Liabilities

At June 30, 2025, 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.

**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 September 2021, the Town entered into an direct placement installment agreement to purchase one fire truck. The agreement requires annual payments of $34,207. | 490,434 |
| Total | $ 490,434 |

Annual debt service payments of the installment purchase as of June 30, 2025, including interest, are as follows:

| Years Ending | Governmental Activities | |
|---|---|---|
| June 30: | Principal | Interest |
| 2026 | $ 22,920 | $ 10,772 |
| 2027 | 24,478 | 10,244 |
| 2028 | 24,502 | 9,705 |
| 2029 | 25,616 | 8,590 |
| 2030 | 26,193 | 8,013 |
| 2031-2035 | 162,205 | 26,028 |
| 2036-2040 | 204,520 | 17,921 |
| 2041-2042 | 89,176 | 2,237 |
| Total | $ 490,434 | $ 91,273 |

## 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 2025 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 $216,064 at June 30, 2025. 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, 2025:

| Years Ending | Governmental Activities | |
|---|---|---|
| June 30: | Principal | Interest |
| 2026 | $ 65,245 | $ 84 |
| 2027 | 12,446 | 31 |
| Total | $ 77,691 | $ 115 |

| Years Ending | Business-type Activities | |
|---|---|---|
| June 30: | Principal | Interest |
| 2025 | $ 2,808 | $ 33 |
| Total | $ 2,808 | $ 33 |

**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, 2025 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% | $ 739,376 |
| $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% | 2,982,159 |
| Total | $ 3,721,535 |

**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 | Business-type Activities | |
|---|---|---|
| June 30: | Principal | Interest |
| 2026 | $ 103,638 | $ 118,015 |
| 2027 | 112,072 | 120,828 |
| 2028 | 112,873 | 153,458 |
| 2029 | 117,795 | 148,536 |
| 2030 | 98,464 | 114,490 |
| 2030-2034 | 560,535 | 631,484 |
| 2035-2039 | 851,166 | 564,796 |
| 2040-2044 | 896,066 | 381,497 |
| 2045-2048 | 868,926 | 221,500 |
| Total | $ 3,721,535 | $ 2,454,604 |

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%. | $ 1,026,796 |
| $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%. | 468,449 |
| $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%. | 185,451 |
| $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%. | 550,132 |
| Total | $ 2,230,828 |

**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 June 30: | Principal | Interest |
|---|---|---|
| 2026 | $ 54,307 | $ 78,152 |
| 2027 | 59,538 | 76,929 |
| 2028 | 59,682 | 76,267 |
| 2029 | 61,042 | 74,504 |
| 2030 | 72,941 | 80,211 |
| 2031-2035 | 334,539 | 329,560 |
| 2036-2040 | 402,996 | 261,588 |
| 2041-2045 | 452,048 | 179,196 |
| 2046-2050 | 372,996 | 94,305 |
| 2051-2055 | 313,510 | 77,939 |
| 2056-2057 | 47,229 | 74,661 |
| Total | $ 2,230,828 | $ 1,403,312 |

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, 2025, is as follows:

| | |
|---|---|
| Operating revenues | $ 3,988,561 |
| Operating expenses* | 2,861,046 |
| Operating income | 6,849,607 |
| Nonoperating revenues (expenses)** | (194,146) |
| Income available for debt service | 6,655,461 |
| Debt service, principal and interest paid (revenue bond only) | $ 133,507 |
| Debt service coverage ratio | 4985% |

*This does not include the depreciation expense of $639,676.
** This does not include revenue bond interest or amortization paid of $79,333
.

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 2024. 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 $2,230,828. Principal and interest paid for the current year and total customer net revenues were $133,507.

**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, 2025.

| **Governmental activities:** | Beginning Balance | Increases | Decreases | Ending Balance | Current Portion |
|---|---|---|---|---|---|
| Direct placement | | | | | |
| Installment purchase | $ 509,592 | $ - | $ (19,158) | $ 490,434 | $ 22,920 |
| Capital leases | 150,643 | - | (72,952) | 77,691 | 65,245 |
| Compensated absences | 47,884 | - | (3,969) | 43,915 | 35,000 |
| Net pension obligation (LGERS) | 1,507,929 | 96,813 | - | 1,604,742 | - |
| Total pension obligation (LEO) | 434,420 | 39,413 | - | 473,833 | - |
| Governmental activity long-term liabilities | $ 2,650,468 | $ 136,226 | $ (96,079) | $ 2,690,615 | $ 123,165 |

| **Business-type activities:** | Beginning Balance | Increases | Decreases | Ending Balance | Current Portion |
|---|---|---|---|---|---|
| Direct placement | | | | | |
| Capital leases | $ 8,285 | $ - | $ (5,477) | $ 2,808 | $ 2,808 |
| General obligation bonds | 3,820,842 | - | (99,307) | 3,721,535 | 103,638 |
| Revenue bonds | 2,283,544 | - | (52,716) | 2,230,828 | 54,307 |
| Compensated absences | 20,318 | - | (3,368) | 16,950 | - |
| Net pension obligation (LGERS) | 803,528 | 49,873 | - | 853,401 | - |
| Business-type activity long-term liabilities | $ 6,936,517 | $ 49,873 | $ (160,868) | $ 6,825,522 | $ 160,753 |

At June 30, 2025 the Town had a legal debt margin of $25,188,757.

**NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)**

**C - Interfund Balances and Activity**

Interfund balances consist of the following:

| | Amount |
|---|---|
| **Governmental** | |
| Internal balance | $ 488,407 |
| Total Governmental | 488,407 |
| | |
| **Business-Type** | |
| Internal balance | $ (488,087) |
| Total Business-Type | (488,087) |

Transfers from/to other funds consist of the following:

| | | Amount |
|---|---|---|
| From General Fund to the Waylin Fire District Fund | $ | 375,000 |
| Total | $ | 375,000 |

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, 2025 consist of the following:

| Receivable Fund | Payable Fund | | Amount |
|---|---|---|---|
| Waylin Fire District Fund | General Fund | $ | 375,000 |
| Total | | $ | 375,000 |

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 | $ | 4,522,728 | $ | 43,191,952 |
| less: long-term debt | | (568,125) | | (5,955,171) |
| Net investment in capital asset | $ | 3,954,603 | $ | 37,236,781 |

## 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:

| | | |
|---|---|---|
| *Total fund balance - General Fund* | $ | 2,248,649 |
| Less: | | |
| Stabilization by State Statute | | 619,743 |
| Streets-Powell Bill | | 598,803 |
| **Remaining fund balance** | $ | 1,030,103 |

## 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, 2025. 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, 2025. 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, 2025.

## 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 April 14, 2026, 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**

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Mount Olive's proportion of the net pension liability (asset) (%) | 0.0365% | 0.0362% | 0.0334% | 0.0333% | 0.0330% |
| Mount Olive's proportion of the net pension liability (asset) ($) | $ 2,458,143 | $ 2,311,457 | $ 2,042,197 | $ 511,761 | $ 1,180,660 |
| Mount Olive's covered-employee payroll | $ 2,950,066 | $ 2,707,433 | $ 2,658,626 | $ 2,502,031 | $ 2,473,251 |
| Mount Olive's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 83.33% | 85.37% | 76.81% | 20.45% | 47.74% |
| Plan fiduciary net position as a percentage of the total pension liability.** | 94.03% | 88.35% | 91.63% | 94.18% | 91.47% |

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Mount Olive's proportion of the net pension liability (asset) (%) | 0.0355% | 3.7400% | 0.0371% | 0.0328% | 0.0296% |
| Mount Olive's proportion of the net pension liability (asset) ($) | $ 970,297 | $ 887,256 | $ 566,174 | $ 697,187 | $ 132,620 |
| Mount Olive's covered-employee payroll | $ 2,495,470 | $ 2,340,198 | $ 2,233,645 | $ 1,967,683 | $ 1,752,314 |
| Mount Olive's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll | 38.88% | 37.91% | 25.35% | 35.43% | 7.57% |
| Plan fiduciary net position as a percentage of the total pension liability.** | 98.09% | 99.07% | 102.64% | 94.35% | 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**

| | 2025 | 2024 | 2023 | 2022 | 2021 |
|---|---|---|---|---|---|
| Contractually required contribution | $ 418,694 | $ 388,937 | $ 333,245 | $ 306,522 | $ 258,553 |
| Contributions in relation to the contractually required contribution | 418,694 | 388,937 | 333,245 | 306,522 | 258,553 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Mount Olive's covered payroll | $ 2,993,300 | $ 2,950,066 | $ 2,707,433 | $ 2,658,626 | $ 2,502,031 |
| Contributions as a percentage of covered-employee payroll | 13.99% | 13.18% | 12.31% | 11.53% | 10.33% |

| | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Contractually required contribution | $ 236,145 | $ 196,445 | $ 182,639 | $ 167,757 | $ 134,244 |
| Contributions in relation to the contractually required contribution | 236,145 | 196,445 | 182,639 | 167,757 | 134,244 |
| Contribution deficiency (excess) | $ - | $ - | $ - | $ - | $ - |
| Mount Olive's covered payroll | $ 2,473,251 | $ 2,495,470 | $ 2,340,198 | $ 2,233,645 | $ 1,967,683 |
| Contributions as a percentage of covered-employee payroll | 9.55% | 7.87% | 7.80% | 7.51% | 6.82% |

# Town of Mount Olive, North Carolina
## Schedule of Changes in Total Pension Liability
## Law Enforcement Officer's Special Separation Allowance
## June 30, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|
| Beginning balance | $ 434,420 | $ 505,823 | $ 571,219 | $ 566,453 | $ 410,214 | $ 349,450 | $ 363,709 | ####### | ####### |
| Service Cost | 28,424 | 18,470 | 30,122 | 29,153 | 18,762 | 19,048 | 22,087 | 18,477 | 17,098 |
| Interest on the total pension liability | 16,426 | 20,776 | 12,317 | 10,509 | 13,052 | 12,467 | 11,118 | 11,673 | 11,021 |
| Changes of benefit terms | - | - | - | - | - | - | - | - | - |
| Differences between expected and actual experience in the measurement of the total pension liability | 53,719 | (72,856) | 33,999 | 24,681 | (13,061) | 30,895 | (8,736) | 22,575 | - |
| Changes of assumptions or other inputs | (11,601) | 9,762 | (94,279) | (15,666) | 157,151 | 12,267 | (14,976) | 22,080 | (7,424) |
| Benefit payments | (47,555) | (47,555) | (47,555) | (43,911) | (19,665) | (13,913) | (23,752) | (27,032) | (26,946) |
| Other changes | - | - | - | - | - | - | - | - | - |
| Ending balance of the total pension liability | $ 473,833 | $ 434,420 | $ 505,823 | $ 571,219 | $ 566,453 | $ 410,214 | $ 349,450 | ####### | ####### |

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, 2025

| | 2025 | 2024 | 2023 | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 |
|---|---|---|---|---|---|---|---|---|---|
| Total pension liability | $ 473,833 | $ 434,420 | $ 505,823 | $ 571,219 | $ 566,453 | $ 410,214 | $ 349,450 | ####### | ####### |
| Covered payroll | 957,808 | 667,375 | 734,396 | 664,958 | 695,277 | 775,606 | 766,452 | 756,866 | 689,233 |
| Total pension liability as a percentage of covered payroll | 49.47% | 65.09% | 68.88% | 85.90% | 81.47% | 52.89% | 45.59% | 48.05% | 45.84% |

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, 2025

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Revenues:** | | | |
| **Ad valorem taxes:** | | | |
| Taxes | $ | $ 2,300,680 | $ |
| Penalties and interest | | 12,663 | |
| **Total** | 2,694,255 | 2,313,343 | (380,912) |
| **Other taxes and licenses:** | | | |
| License and fees | | 7,204 | |
| **Total** | 16,000 | 7,204 | (8,796) |
| **Unrestricted intergovernmental:** | | | |
| Local option sales tax | | 1,301,249 | |
| ABC revenue | | 33,242 | |
| Utility sales tax | | 358,632 | |
| Beer and wine tax | | 18,299 | |
| Solid waste | | 3,516 | |
| **Total** | 1,802,000 | 1,714,938 | (87,062) |
| **Restricted intergovernmental:** | | | |
| Powell bill allocation | | 176,990 | |
| **Total** | 336,889 | 176,990 | (159,899) |
| **Permits and fees:** | | | |
| Building permits | | 8,670 | |
| **Total** | 9,900 | 8,670 | (1,230) |
| **Sales and services:** | | | |
| Garbage fees | | 502,564 | |
| Court costs | | 2,586 | |
| Recreation fees | | 61,093 | |
| Rents | | 126,535 | |
| Cemetery fees | | 85,439 | |
| **Total** | 914,880 | 778,217 | (136,663) |
| **Investment earnings** | $ 13,000 | $ 61,978 | $ 48,978 |

**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, 2025**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Miscellaneous revenues:** | | | |
| Other revenues | $ | $ 18,906 | $ |
| Insurance proceeds | | 14,135 | |
| **Total** | 349,500 | 33,041 | (316,459) |
| **Total revenues** | 6,136,424 | 5,094,381 | (1,042,043) |
| | | | |
| **Expenditures:** | | | |
| **General government:** | | | |
| **Governing body:** | | | |
| Salaries and benefits | | 16,269 | |
| Other operating expenditures | | 101,110 | |
| **Total** | 192,884 | 117,379 | 75,505 |
| | | | |
| **Town Manager:** | | | |
| Salaries and employee benefits | | 76,489 | |
| Other operating expenditures | | 7,266 | |
| **Total** | 97,766 | 83,755 | 14,011 |
| | | | |
| **Public works and buildings:** | | | |
| Salaries and employee benefits | | 662,802 | |
| Other operating expenditures | | 340,651 | |
| **Total** | 1,008,382 | 1,003,453 | 4,929 |
| | | | |
| **Administration:** | | | |
| Salaries and benefits | | 111,728 | |
| Other operating expenditures | | 173,473 | |
| **Total** | 419,418 | 285,201 | 134,217 |
| **Total general government** | 1,718,450 | 1,489,788 | 228,662 |
| | | | |
| **Environmental protection:** | | | |
| **Sanitation:** | | | |
| Salaries and employee benefits | | 373,783 | |
| Other operating expenditures | | 233,961 | |
| **Total** | 631,137 | 607,744 | 23,393 |
| | | | |
| **Cemetery:** | | | |
| Contracted services | | 77,352 | |
| **Total** | 98,000 | 77,352 | 20,648 |
| **Total environmental protection** | $ 729,137 | $ 685,096 | $ 44,041 |

**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, 2025**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Transportation:** | | | |
| Other operating expenditures | $ | $ 31,084 | $ |
| **Total** | 146,000 | 31,084 | 114,916 |
| **Total transportation** | 146,000 | 31,084 | 114,916 |
| | | | |
| **Public Safety:** | | | |
| **Police:** | | | |
| Salaries and employee benefits | | 1,466,361 | |
| Other operating expenditures | | 333,534 | |
| Capital outlay | | 154,237 | |
| **Total** | 1,998,308 | 1,954,132 | 44,176 |
| | | | |
| **Fire:** | | | |
| Salaries and employee benefits | | 14,695 | |
| Other operating expenditures | | 3,499 | |
| **Total** | 375,000 | 18,194 | 356,806 |
| | | | |
| **Inspections:** | | | |
| Salaries and employee benefits | | 152,423 | |
| Other operating expenditures | | 54,069 | |
| **Total** | 214,819 | 206,492 | 8,327 |
| **Total public safety** | 2,588,127 | 2,178,818 | 409,309 |
| | | | |
| **Cultural and recreation:** | | | |
| Salaries and employee benefits | | 230,036 | |
| Other operating expenditures | | 169,653 | |
| **Total** | $ 460,000 | $ 399,689 | $ 60,311 |

# 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, 2025

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Debt service:** | | | |
| Principal | $ | $ 69,423 | $ |
| Interest | | 28,408 | |
| **Total** | 119,710 | 97,831 | 21,879 |
| **Total expenditures** | 5,761,424 | 4,882,306 | 879,118 |
| **Revenues over (under) expenditures** | 375,000 | 212,075 | (162,925) |
| **Other financing sources (uses):** | | | |
| Transfers to other funds: | | | |
| Waylin Fire District Fund | - | (375,000) | |
| **Total** | (375,000) | (375,000) | - |
| Fund balance appropriated | - | - | - |
| **Net change in fund balances** | $ - | (162,925) | $ (162,925) |
| Fund balance, beginning | | 2,411,574 | |
| **Fund balance, ending** | | $ 2,248,649 | |

## 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, 2025

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Restricted intergovernmental: | | | | | |
| CDBG grant revenues | $ 950,000 | $ 422,205 | $ 367,630 | $ 789,835 | $ (160,165) |
| Insurance proceeds | 19,000 | 19,000 | - | 19,000 | - |
| **Total revenues** | 969,000 | 441,205 | 367,630 | 808,835 | (160,165) |
| **Expenditures:** | | | | | |
| Administrative | 275,000 | 50,886 | - | 50,886 | 224,114 |
| Construction | 694,000 | 390,319 | 367,630 | 757,949 | (63,949) |
| **Total expenditures** | 969,000 | 441,205 | 367,630 | 808,835 | 160,165 |
| **Net change in fund balance** | $ - | $ - | $ - | $ - | $ - |

**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, 2025**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Revenues:** | | | |
| Local contributions | $ | $ 271,930 | $ |
| **Total** | 238,800 | 271,930 | 33,130 |
| **Nonoperating revenues:** | | | |
| Interest earnings | | 65,379 | |
| **Total** | 33,077 | 65,379 | 32,302 |
| **Total revenues** | 271,877 | 337,309 | 65,432 |
| **Expenditures:** | | | |
| Salaries and benefits | | 382,931 | |
| Operating expenditures | | 140,965 | |
| Capital outlay | | 67,201 | |
| **Total** | 646,877 | 591,097 | 55,780 |
| **Debt service:** | | | |
| Principal | | 22,687 | |
| Interest | | 11,520 | |
| **Total** | - | 34,207 | 34,207 |
| **Revenues over (under) expenditures** | (375,000) | (287,995) | |
| **Other financing sources (uses):** | | | |
| Transfers from General Fund | 375,000 | 375,000 | - |
| **Total** | 375,000 | 375,000 | - |

# 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, 2025

| | Project Authorization | Actual Prior Years | Actual Current Year | Actual Total to Date | Variance Positive (Negative) |
|---|---|---|---|---|---|
| **Revenues:** | | | | | |
| Restricted intergovernmental: | | | | | |
| NCEM Grant | $ 964,100 | $ 206,299 | $ 44,474 | $ 250,773 | $ (713,327) |
| **Total revenues** | 964,100 | 206,299 | 44,474 | 250,773 | (713,327) |
| **Expenditures:** | | | | | |
| Engineering | 240,000 | 174,010 | - | 174,010 | 65,990 |
| Construction | 724,100 | 32,289 | - | 32,289 | 691,811 |
| **Total expenditures** | 964,100 | 206,299 | - | 206,299 | 757,801 |
| **Net change in fund balance** | $ - | $ - | $ 44,474 | $ 44,474 | $ 44,474 |

# 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, 2025

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Revenues:** | | | |
| Operating revenues | $ | $ 325,186 | $ |
| **Total** | 334,000 | 325,186 | (8,814) |
| **Total revenues** | 334,000 | 325,186 | (8,814) |
| | | | |
| **Expenditures:** | | | |
| Operations: | | | |
| Other operating expenditures | | 291,268 | |
| **Total** | 334,000 | 291,268 | 42,732 |
| **Total expenditures** | 334,000 | 291,268 | 42,732 |
| | | | |
| **Revenues over (under) expenditures** | $ - | 33,918 | $ 33,918 |
| | | | |
| **Reconciliation from budgetary basis (modified accrual) to full accrual:** | | | |
| | | | |
| **Revenues and other sources over expenditures and other uses:** | | 33,918 | |
| | | | |
| **Reconciling items:** | | | |
| Depreciation | | (65,188) | |
| Capital contributions | | 6,257,945 | |
| **Total reconciling items** | | 6,192,757 | |
| | | | |
| **Change in net position** | | $ 6,226,675 | |

## 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, 2025

| | | Actual | | | Variance |
|---|---|---|---|---|---|
| | Project Authorization | Prior Years | Current Year | Total to Date | Positive (Negative) |
| **Revenues:** | | | | | |
| Restricted intergovernmental: | | | | | |
| Federal grant | $ 7,720,854 | $ 2,172,935 | $ 1,248,043 | $ 3,420,978 | $ (4,299,876) |
| State grant | 6,047,244 | 1,868,621 | 4,669,142 | 6,537,763 | 490,519 |
| Local contributions | - | 65,527 | - | 65,527 | 65,527 |
| Interest income | - | 114,658 | 340,760 | 455,418 | 455,418 |
| **Total revenues** | 13,768,098 | 4,221,741 | 6,257,945 | 10,479,686 | (3,288,412) |
| **Expenditures:** | | | | | |
| Administrative | 829,558 | 239,144 | - | 239,144 | 590,414 |
| Land acquisition | 60,355 | 388,310 | - | 388,310 | (327,955) |
| Engineering | 2,081,162 | 275,986 | 1,053,197 | 1,329,183 | 751,979 |
| Construction and improvements | 11,000,000 | 3,251,900 | 4,873,167 | 8,125,067 | 2,874,933 |
| **Total expenditures** | 13,971,075 | 4,155,340 | 5,926,364 | 10,081,704 | 3,889,371 |
| **Revenues over (under) expenditures** | (202,977) | 66,401 | 331,581 | 397,982 | 600,959 |
| **Other financing sources (uses):** | | | | | |
| Transfers in (out) | 202,977 | 202,977 | - | 202,977 | - |
| **Total other financing sources (uses)** | 202,977 | 202,977 | - | 202,977 | - |
| **Net change in fund balance** | $ - | $ 269,378 | $ 331,581 | $ 600,959 | $ 600,959 |

**Note Regarding Prior Years Capital Project Fund Amounts:**

During the preparation of the current year financial statements, management identified a formula error in the prior year Municipal Airport Capital Project Fund Schedule of Revenues, Expenditures, and Changes in Fund Balance. The error resulted in interest income of $114,658 being excluded from total revenues reported in the prior year cumulative amounts. The current year presentation has been corrected to properly include this interest income in the total revenues and cumulative totals. As a result, certain prior year and cumulative balances presented in the current year financial statements differ from amounts previously reported. Management determined that no restatement of the prior year financial statements was necessary.

## 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, 2025

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Revenues:** | | | |
| **Charges for services:** | | | |
| **Water sales:** | | | |
| Residential and commercial | $ | $ 3,966,403 | $ |
| Water and sewer taps | | 12,425 | |
| Other operating revenues | | 9,733 | |
| **Total** | 4,191,660 | 3,988,561 | (203,099) |
| **Nonoperating revenues:** | | | |
| Interest earnings | | 106,453 | |
| **Total** | 73,000 | 106,453 | 33,453 |
| **Total revenues** | 4,264,660 | 4,095,014 | (169,646) |
| **Expenditures:** | | | |
| **Water and sewer administration:** | | | |
| Salaries and benefits | | 307,651 | |
| Contracted services | | 11,712 | |
| Departmental supplies and materials | | 15,720 | |
| Other | | 10,800 | |
| **Total water and sewer administration** | 517,590 | 345,883 | 171,707 |
| **Water and sewer operations:** | | | |
| Collection and treatment: | | | |
| Salaries and benefits | | 433,829 | |
| Utilities | | 149,594 | |
| Contracted services | | 307,244 | |
| Maintenance and repairs | | 102,615 | |
| Departmental supplies and materials | | 80,301 | |
| Other | | 56,563 | |
| **Total water and sewer operations** | 1,381,599 | 1,130,146 | 251,453 |
| **Water distribution:** | | | |
| Salaries and benefits | | 790,154 | |
| Utilities | | 99,528 | |
| Contracted services | | 96,458 | |
| Maintenance and repairs | | 40,019 | |
| Departmental supplies and materials | | 289,485 | |
| Other | | 53,049 | |
| **Total water distributions** | 1,505,471 | 1,368,693 | 136,778 |
| **Total expenditures** | $ 3,404,660 | $ 2,844,722 | $ 559,938 |

**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, 2025**

| | Budget | Actual | Variance Positive (Negative) |
|---|---|---|---|
| **Debt service:** | | | |
| Interest and fees | $ | $ 255,361 | $ |
| Principal retirement | | 157,500 | |
| **Total** | 425,000 | 412,861 | 12,139 |
| **Capital Outlay:** | | | |
| Water and sewer expansion | | 434,526 | |
| **Total** | 435,000 | 434,526 | 474 |
| **Total expenditures** | 4,264,660 | 3,692,109 | 572,551 |
| **Revenues and other sources over expenditures and other uses:** | $ - | 402,905 | $ 402,905 |
| **Reconciliation from budgetary basis (modified accrual) to full accrual:** | | | |
| **Revenues and other sources over expenditures and other uses:** | | 402,905 | |
| **Reconciling items:** | | | |
| Capital contributions | | 1,597,723 | |
| Capital outlay | | 434,526 | |
| Depreciation | | (639,676) | |
| Amortization | | (8,288) | |
| Decrease in compensated absences | | 21,026 | |
| Increase in net pension liability | | (49,873) | |
| Increase in deferred outflows of resources - pensions | | (66,637) | |
| Decrease in deferred inflows of resources - pensions | | 8,115 | |
| Principal retirement | | 157,500 | |
| **Total reconciling items** | | 1,454,416 | |
| **Change in net position** | | $ 1,857,321 | |

# 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, 2025

| | | Actual | | | Variance |
|---|---|---|---|---|---|
| | Project Authorization | Prior Years | Current Year | Total to Date | Positive (Negative) |
| **Revenues:** | | | | | |
| Restricted intergovernmental: | | | | | |
| WWTP grant | $ 20,722,000 | $ 5,799,505 | $ 1,197,869 | $ 6,997,374 | $ (13,724,626) |
| Interest income - WWTP | - | 92 | 416 | 508 | 508 |
| CDBG grant | 2,000,000 | 1,027,051 | 399,438 | 1,426,489 | (573,511) |
| **Total revenues** | 22,722,000 | 6,826,648 | 1,597,723 | 8,424,371 | (14,297,629) |
| **Expenditures - WWTP:** | | | | | |
| Engineering | 2,516,000 | 804,407 | 1,063,770 | 1,868,177 | 647,823 |
| Construction | 17,668,885 | 5,035,762 | 122,770 | 5,158,532 | 12,510,353 |
| Administration | 526,775 | 15,424 | 19,929 | 35,353 | 491,422 |
| Permit fees | 10,340 | 10,340 | - | 10,340 | - |
| **Total** | 20,722,000 | 5,865,933 | 1,206,469 | 7,072,402 | 13,649,598 |
| **Expenditures - CDBG:** | | | | | |
| Construction | 2,000,000 | 1,026,950 | 399,539 | 1,426,489 | 573,511 |
| **Total** | 2,000,000 | 1,026,950 | 399,539 | 1,426,489 | 573,511 |
| **Revenues over (under) expenditures** | - | (66,235) | (8,285) | (74,520) | (74,520) |
| **Other financing sources (uses):** | | | | | |
| Transfers from W&S Fund (WWTP) | - | 29,483 | - | 29,483 | 29,483 |
| **Total other financing sources (uses)** | - | 29,483 | - | 29,483 | 29,483 |
| **Net change in fund balance** | $ - | $ (36,752) | $ (8,285) | $ (45,037) | $ (45,037) |

# 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, 2025

| Fiscal Year | Uncollected Balances June 30, 2024 | Additions | Collections and Credits | Uncollected Balances June 30, 2025 |
|---|---|---|---|---|
| 2024-2025 | $ - | $ 2,361,446 | $ (2,305,302) | $ 56,144 |
| 2023-2024 | 46,663 | - | (23,171) | 23,492 |
| 2022-2023 | 21,657 | - | (8,123) | 13,534 |
| 2021-2022 | 13,285 | - | (4,246) | 9,039 |
| 2020-2021 | 9,137 | - | (2,374) | 6,763 |
| 2019-2020 | 8,091 | - | (1,813) | 6,278 |
| 2018-2019 | 7,236 | - | (1,678) | 5,558 |
| 2017-2018 | 6,806 | - | (1,412) | 5,394 |
| 2016-2017 | 5,809 | - | (972) | 4,837 |
| 2015-2016 | 5,176 | - | (270) | 4,906 |
| 2014-2015 | 4,075 | - | (4,075) | - |
| 2013-2014 | 7,655 | - | (7,655) | - |
| | $ 135,590 | $ 2,361,446 | $ (2,361,091) | 135,945 |

| | |
|---|---|
| Less: allowance for uncollectible accounts - General Fund | 16,861 |
| **Ad valorem taxes receivable - net** | $ 119,084 |
| **Reconciliation with revenues:** | |
| Ad valorem taxes - General Fund | $ 2,300,680 |
| **Reconciling items:** | |
| Interest collected | (15,018) |
| Discounts, releases, and other credits | 2,354 |
| Other | 73,075 |
| **Subtotal** | 60,411 |
| **Total collections and credits** | $ 2,361,091 |

# Town of Mount Olive, North Carolina
## Analysis of Current Year Tax Levy
## For the Year Ended June 30, 2025

| | 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 | $ 314,841,867 | 0.75 | $ 2,361,314 | $ 2,140,276 | $ 221,038 |
| Discoveries: | | | | | |
| Current Year | 212,533 | 0.75 | 1,594 | 1,594 | - |
| Total | 212,533 | | 1,594 | 1,594 | - |
| Releases: | | | | | |
| Current Year | (194,933) | 0.75 | (1,462) | (1,462) | - |
| **Total property valuation** | $ 314,859,467 | | | | |
| **Net levy** | | | 2,361,446 | 2,140,408 | 221,038 |
| **Uncollected taxes at June 30, 2025** | | | (56,144) | (56,144) | - |
| **Current year's taxes collected** | | | $ 2,305,302 | $ 2,084,264 | $ 221,038 |
| **Current levy collection percentage** | | | 97.62% | 97.38% | 100.00% |

# Compliance Section

# S. Preston Douglas & Associates, LLP

CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
American Institute of CPAs
N. C. Association of CPAs

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, and each major fund information of the Town of Mount Olive, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprises the Town of Mount Olive, North Carolina's basic financial statements and have issued our report thereon dated April 14, 2026.

Report on 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, North Carolina'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 2025-001 and 2025-002, 2025-003, 2025-004, 2025-005, 2025-007, and 2025-009)

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 2025-002, 2025-006, 2025-007, and 2025-008.

Purpose of this Report

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

S. Preston Douglas & Associates, LLP

Ocean Isle Beach, North Carolina
April 14, 2026

# S. Preston Douglas & Associates, LLP
CERTIFIED PUBLIC ACCOUNTANTS

MEMBERS
American Institute of CPAs
N. C. Association of CPAs

**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, 2025. 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, 2025.

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

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

We are required to be independent of the Town 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 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 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 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 circum- stances.
- 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 the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider to be material weaknesses (2025-008)

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

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

S. Preston Douglas & Associates, LLP

Ocean Isle Beach, North Carolina
April 14, 2026

# 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, 2025. 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, 2025.

**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 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 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 the 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 the Town's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circum- stances.
- 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 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 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 have not been identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been 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 (2025-006).

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

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

S. Preston Douglas & Associates, LLP

Ocean Isle Beach, North Carolina
April 14, 2026

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

### 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 | X Yes | 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:

| Names of Federal Programs of Clusters | Assistance Listing Numbers |
|---|---|
| •Coronavirus State Local Fiscal Recovery Funds | 21.027 |

| | | |
|---|---|---|
| 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, 2025**

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

Internal control over major State 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 State 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 State programs:

Names of State Programs

- Airport Improvement Program

| | | |
|---|---|---|
| Dollar threshold used to distinguish between Type A and Type B programs | $ | 500,000 |
| Auditee qualified as low-risk auditee? | ____ Yes | X No |

## Section II. Financial Statement Findings

MATERIAL WEAKNESS

**Finding: 2025 – 001 Bank Reconciliations**

Criteria: All bank accounts should be reconciled monthly to ensure proper internal controls over cash are maintained, and to ensure that management receives accurate and timely financial reports to make decisions with during the year.

Condition: For all twelve months of the fiscal year, the Town's main operating bank account was not reconciled in a timely manner. Therefore, accounting personnel could not provide management with financial reports that were accurate and timely.

Effect: Bank reconciliations serve as an important internal control over cash and can identify errors, irregularities, and other adjustments to improve accuracy of accounting records. When bank reconciliations are not performed on a timely basis there is a potential that the Town does not identify errors, irregularities, and other adjustments to accounting records on a timely basis.

Cause: Management did not provide proper oversight over the reconciliation of the bank statements during the year to ensure that the proper procedures were being followed in a timely manner.

Recommendation: We recommend that the Town implement procedures to ensure proper reconciliation of all bank accounts in an accurate and timely manner in future years.

Repeat Finding: This finding was not reported as a repeat finding in the prior audit; however, this was a repeat finding from the year ended June 30, 2023 audit, finding 2023-002.

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 92.

## Section II. Financial Statement Findings (continued)

MATERIAL WEAKNESS/MATERIAL NONCOMPLIANCE

**Finding: 2025 - 002 Late Audit Submission**

Criteria: N.C. General Statute 159-34(a) states the Town should have its accounts audited as soon as possible after the close of each fiscal year by a certified public accountant. The deadline to submit June 30 year end audits to the Local Government Commission is December 31.

Condition: The June 30, 2025 audit was due December 31, 2025, was submitted on April 17, 2026.

Effect: The governing body of the Board, management, and other cognitive agencies did not receive the results of the audit in a timely manner. Particularly in situations where the independent audit identifies any of the following: 1) findings 2) management letter comments for improvements 3) negative financial trends that need to disclose and addressed, a late audit would potentially delay timely and appropriate corrective actions.

Cause: Management and the board did not prioritize the timely submission of the audit.

Repeat Finding: This finding was not reported as a repeat finding in the prior audit; however, this finding was previously reported in the audit for the year ended June 30, 2023, as Finding 2023-003.

Recommendation: We recommend that the Board evaluate staffing levels within the Finance Department to ensure adequate support for the Finance Officer.

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 92.

**Section II. Financial Statement Findings (continued)**

MATERIAL WEAKNESS

**Finding: 2025 - 003** **Segregation of Duties**

Criteria: Internal control principles require adequate segregation of duties to reduce the risk of errors, fraud, or misstatements.

Condition: The Town did not maintain adequate segregation of duties over key accounting functions. Specifically, prior to the Finance Officer position becoming vacant on August 8, 2025, the Finance Officer performed multiple incompatible duties, including processing disbursements and accounts payable, administering payroll, performing bank reconciliations, and preparing and posting journal entries. The concentration of these responsibilities within a single individual increased the risk that errors or irregularities could occur and not be detected in a timely manner.

Effect: Increased risk of undetected errors or irregularities.

Cause: Concentration of responsibilities within a single individual, the finance officer.

Repeat Finding: This finding was not reported as a repeat finding in the prior audit; however, this finding was previously reported in the audit for the year ended June 30, 2019, Finding 2019-004.

Recommendation: The Town should strengthen internal controls by improving segregation of duties over key accounting functions. Responsibilities for disbursements, payroll processing, bank reconciliations, and journal entry preparation and posting should be assigned to different individuals where feasible. When staffing limitations prevent full segregation, the Town should implement compensating controls, such as increased oversight by management or the governing board, including independent review and approval of bank reconciliations, disbursements, and journal entries.

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 93.

**Section II. Financial Statement Findings (continued)**

MATERIAL WEAKNESS

**Finding: 2025 - 004 Cutoff Fees Voided**

Criteria: Voided utility cutoff fees should be accurately recorded and reviewed on a regular basis to ensure the completeness and reliability of financial reporting.

Condition: During the fiscal year ended June 30, 2025, the Town did not properly administer utility cutoff fees. Specifically, the Town did not maintain adequate documentation of voided cutoff fees. This lack of recordkeeping and oversight resulted in an estimated revenue loss of $109,500 during the fiscal year.

Effect: Failure to accurately apply cutoff fees may result in misstated revenues and customer account balances, reducing the reliability of financial information used by the Town's Board of Commissioners for decision-making.

Cause: Lack of management oversight and expertise in financial recording.

Repeat Finding: This was not a repeat finding.

Recommendation: The Town should implement procedures to ensure that voided transactions are properly documented, supported, and reviewed. Management should establish a process for periodic review of voided cutoff fees to ensure accuracy, appropriateness, and completeness of revenue recording.

View of responsible officials and planned corrective actions:

The Town agrees with the finding and agrees to adhere to the correction action plan on page 93.

## Section II. Financial Statement Findings (continued)

MATERIALWEAKNESS

**Finding 2025-005** **Improper Utility Fees Rates**

Criteria: The Town did not appropriately adjust utility rates for the fiscal year and did not conduct a periodic review of utility rates.

Condition: For the fiscal year ended June 30, 2025, the Town did not properly implement its utility billing rate structure. Specifically, the minimum and maximum water charges were set at the same rate, resulting in commercial accounts being billed only the minimum base charge regardless of actual water usage. This error led to reduced revenues in the Water and Sewer Fund and reflects a lack of oversight in the rate setup and billing process. The issue contributed to an estimated revenue loss of $65,275 in fiscal year 2025 and $72,893 in fiscal year 2024.

Effect: The absence of timely utility billing rate adjustments may result in misstatements of revenues and customer account balances, thereby diminishing the accuracy and reliability of the financial information presented.

Cause: Lack of management oversight and expertise in financial recording.

Repeat Finding: This was not a repeat finding.

Recommendation: The Town should implement procedures to ensure that utility billing rates are accurately established and maintained within the billing system in accordance with the approved rate schedule. Management should perform periodic reviews of rate tables and billing outputs to verify that charges are being applied correctly based on actual usage. In addition, the Town should document these reviews and consider implementing secondary oversight, such as supervisory review or reconciliation procedures, to promptly identify and correct errors in billing rates.

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 94.

| **Section II. Financial Statement Findings (continued)** |
|---|

SIGNIFICANT DEFICIENCY/MATERIAL NONCOMPLIANCE

**Finding: 2025-006 Financial Reporting and Record Keeping Over Cash and Investments**

Criteria: The Town is required to submit LGC-203/COLL-91 forms in accordance with prescribed deadlines. Timely submission is necessary to ensure compliance with G.S. 159-33.

Condition: The Town filed the LGC-203/COLL-91 form late. The December 31, 2024 and June 30, 2025 forms were due January 25, 2025 and July 25, 2025, respectively. Both forms were submitted after the deadlines on August 10, 2025.

Effect: By not properly recording the cash and investments report of LGC-203/COLL-91, the Town failed to comply with G.S. 159-33.

Cause: Lack of management oversight and expertise in cash and investments reporting.

Repeat Finding: This was not a repeat finding.

Recommendation: We recommend that the Board implement procedures to ensure compliance with this regulation in future years and for management and financial officers to attend government continuing education trainings to gain the expertise needed.

View of responsible officials and planned corrective actions:

The Town agrees with this finding. Please refer to the corrective action plan on page 94.

**Section II. Financial Statement Findings (continued)**

MATERIAL WEAKNESS/MATERIAL NONCOMPLIANCE

**Finding 2025-007** **Material Noncompliance Preaudit Process**

Criteria: The Town is required to comply with N.C. G.S. 159-28(a), which requires that all obligations be preaudited by the Finance Officer or a designated deputy to ensure that the expenditure is included in the budget ordinance and that sufficient funds remain in the applicable appropriation prior to the obligation being incurred.

Condition: The Town did not perform the required preaudit process for purchases within the Airport Operations Fund. As a result, fuel inventory purchases were made without evidence of preaudit certification and exceeded appropriated amounts within the fund.

Effect: The Town was not in compliance with the applicable statute, resulting in approximately $235,223 of fuel purchases that were not preaudited.

Cause: The deficiency resulted from inadequate oversight and involvement by Town personnel responsible for fuel purchasing activities at the Airport.

Repeat Finding: This was not reported as a repeat finding in the prior audit; however, similar findings related to deficiencies in the preaudit process and budget overages were reported in prior years, including Findings 2024-001, 2022-001, 2021-001, 2020-001, 2019-001, and 2019-002.

Recommendation: The Town should implement internal control procedures to ensure that all purchases go through the preaudit process.

Views of responsible officials and planned corrective actions:

The Town agrees with the findings and agrees to adhere to correction action plan on page 95.

**Section II. Financial Statement Findings (continued)**

SIGNIFICANT DEFICIENCY/MATERIAL NONCOMPLIANCE

**Finding 2025-008** **Audit Submission to the Federal Government**

Criteria: A federal single audit must be submitted to the Federal Audit Clearinghouse (FAC) nine months from the Town's June 30 fiscal year end.

Condition: The June 30 audit for 2025 audit was not submitted to the FAC as of March 31, 2026.

Effect: By submitting the FAC late, the Federal Government does not receive important, timely feedback documented in the independent auditor's reports such as internal control deficiencies related to compliance requirements for federal single audits.

Cause: Management and the board did not prioritize the timely submission of the audit.

Repeat Finding: This was not a repeat finding.

Recommendation: The Town should make the necessary adjustments to meet the FAC deadlines.

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 95.

**Section II. Financial Statement Findings (continued)**

MATERIAL WEAKNESS

**Finding 2025-009 Lack of Formal Agreement for Airport Profit-Sharing Arrangement**

Criteria: The Town entered into a ten-year agreement with an Airport Operator in 2017 for the management and operation of the municipal airport, including the purchase and sale of aviation fuel. The agreement designates the Airport Operator as an independent contractor responsible for all airport operations and fuel sales and indicates that the operator is to receive a commission on fuel sold. However, the agreement did not specify the commission structure or define how profits from fuel sales were to be calculated and distributed. During the fiscal year, the Town and Airport Operator operated under a verbal agreement whereby the Airport Operator received 30% of the profits from fuel sales and the Town retained the remaining 70%. This profit-sharing methodology was not formally documented, approved in writing, or incorporated into the existing contract. There is no formal documentation supporting the agreed-upon percentages or the methodology to calculate distributable profits.

Condition: Management is responsible for establishing and maintaining effective internal controls, including controls over financial reporting and compliance. This responsibility includes ensuring that significant agreements affecting financial transactions are clearly documented, formally approved, and consistently applied. Sound governance practices and prudent financial management further require that contractual arrangements involving public funds, particularly those involving revenue sharing, be formalized in written agreements that clearly define key terms such as calculation methodologies, payment provisions, and the responsibilities of each party.

Effect: The lack of a formal, written agreement defining the profit-sharing methodology increases the risk that profit-sharing amounts may be calculated incorrectly or applied inconsistently and that revenues and expenditures may be misstated in the financial statements. It also creates the potential for disputes or misunderstandings between the Town and the Airport Operator due to unclear or undocumented terms. The absence of formal documentation reduces transparency and accountability over public funds and limits the Town’s ability to effectively monitor, verify, and audit amounts received under the arrangement

Cause: The Town did not establish or enforce policies requiring that significant contractual terms, including profit-sharing arrangements, be formally documented and approved. As a result, management relied on informal, verbal agreements to define key financial terms that were not specified in the original contract.

Repeat Finding: This was not a repeat finding.

Recommendation: The Town should formalize the profit-sharing arrangement with the Airport Operator through a written agreement and consider simplifying the terms to reduce administrative burden. The Town should also consider establishing fixed terms, such as rent or management fees determined in advance and adjusted periodically for inflation, to minimize the need for detailed review of operator calculations and reduce ongoing oversight, thereby allowing the arrangement to function as a more passive revenue source.

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 95.

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

MATERIAL WEAKNESS

**Finding 2025 - 001 Bank Reconciliations**

Name of contact person: Joseph Trollinger, Finance Officer

Corrective Action: The Finance Officer will prioritize the timely and accurate reconciliation of major bank accounts, including the General Fund and Water and Sewer Fund operating accounts. Emphasis will be placed on accounts with higher transaction volumes to ensure that all transactions are properly recorded and that book balances are reconciled to bank balances on a regular basis.

Proposed Completion Date: The Town will implement these changes by May 10, 2026.

MATERIAL WEAKNESS/MATERIAL NONCOMPLIANCE

**Finding 2025 - 002 Late Audit Submission**

Name of contact person: Joseph Trollinger, Finance Officer

Corrective Action: On March 9, 2026, the Town hired a full-time Finance Officer with experience in audit preparation and coordinating with auditors throughout the audit process. The Finance Officer will meet with the Finance Team at least two weeks prior to the start of audit fieldwork in October. In preparation for the auditors' arrival, the Town will ensure that all financial records are organized, accessible, and readily available upon request. The Finance Officer is familiar with the types of financial reports, as well as supporting documentation (such as invoices and checks), that are typically requested during an audit. This preliminary coordination meeting will take place between September 15 and October 1. By that time, all bank reconciliations will be fully up to date. Additionally, the Finance Officer will prepare and maintain organized files of routine audit requests. The Finance Officer will also maintain regular communication with the auditors and the Town's CPA consultant to ensure timely submission of all required documentation and to prevent any delays in the audit process.

Proposed Completion Date: The Town will implement these changes immediately.

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

MATERIAL WEAKNESS

**Finding 2025 - 003 Segregation of Duties**

Name of contact person: Joseph Trollinger, Finance Officer

Corrective Action: On March 9, 2026, the Town completed staffing of the Finance Office with the addition of a Finance Officer. The team now includes a Human Resources Director, an Accounts Payable Specialist, and two Water Billing and Collections Specialists, ensuring adequate staffing to support financial operations and compliance requirements. The Town has further segregated duties in key areas including payroll, accounts payables, posting of journal entries and monthly bank reconciliations.

Proposed Completion Date: The Town implemented these changes on March 9, 2026.

MATERIAL WEAKNESS

**Finding 2025 - 004 Cutoff Fees Voided**

Name of contact person: Joseph Trollinger, Finance Officer

Corrective Action: As of March 9, 2026, the Water Department enforces strict adherence to service disconnection procedures for accounts that are 15 days past due. This policy is clearly communicated on the face of each monthly customer invoice. For the current fiscal year, a $100 reconnection fee, along with outstanding customer balances, has been consistently applied and collected, with significant enforcement activity occurring in April. As of April 6, 2026, a total of 252 accounts had been disconnected. Of these, 68 accounts remain disconnected, with an outstanding balance totaling $84,108. Going forward, all voided transactions will be properly documented, supported with appropriate justification, and subject to review. Management will conduct periodic reviews of voided cutoff and reconnection fees to ensure accuracy, appropriateness, and completeness of revenue recognition.

Proposed Completion Date: The Town implemented these changes on March 9, 2026.

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

MATERIAL WEAKNESS/MATERIAL NONCOMPLIANCE

**Finding 2025 - 005 Improper Utility Fees Rates**

Name of contact person: Joseph Trollinger, Finance Officer

Corrective Action: The Town will implement procedures to ensure that utility billing rates are accurately established and maintained within the billing system in accordance with the approved rate schedule. Management will perform periodic reviews of rate tables and billing outputs to verify that charges are applied correctly based on actual usage. In addition, the Town will document these reviews and implement secondary oversight measures, such as supervisory review or reconciliation procedures, to promptly identify and correct any errors in billing rates. Furthermore, Town management has identified that inaccuracies in utility fee assessments were also influenced by faulty or outdated meters. The Town has initiated a meter replacement program, which is currently underway and will continue until all deficient meters are replaced. A portion of the revenue shortfall is attributed to estimated billing that occurred due to the absence of reliable meters capable of accurately measuring water usage. The installation of new meters is expected to improve billing accuracy and ensure revenues more accurately reflect actual consumption.

Proposed Completion Date: The Town will implement these changes immediately.

SIGNIFICANT DEFICIENCY/MATERIAL NONCOMPLIANCE

**Finding 2025 - 006 Financial Reporting and Record Keeping Over Cash and Investments**

Name of contact person: Joseph Trollinger, Finance Officer

Corrective Action: The Finance Officer has established a deadline to ensure compliance with the next LGC-203 Form filing requirement. The report, which covers deposits and investments for the period of January 1, 2026 through June 30, 2026, is due on July 25, 2026 (or July 27, 2026, due to the weekend). This report is generally straightforward; however, prior delays may have resulted from staff capacity constraints, as a single finance staff member was responsible for managing a high volume of duties. Additionally, for the Town of Mount Olive, completion of the form can be more complex and time-consuming due to the number of cash and investment accounts, as well as the absence of a centralized cash depository. Going forward, the Finance Officer, who has prior experience completing this form in a timely manner for two other municipalities, will ensure that the report is prepared and submitted by the required deadline. The Finance Officer also maintains regular communication with the North Carolina Local Government Commission to stay informed of upcoming reporting requirements and ensure ongoing compliance.

Proposed Completion Date: The Town will implement these changes immediately.

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

MATERIAL WEAKNESS

**Finding 2025-007 Material Noncompliance Preaudit Process**

Name of contact person: Joseph Trollinger, Finance Officer

Corrective Action: The Town has closed the Airport bank account. This action centralizes all disbursements within the Town's established financial control processes, ensuring compliance with pre-audit requirements and strengthening oversight of expenditures.

Proposed Completion Date: The Town implemented these changes on March 9, 2026.

SIGNIFICANT DEFICIENCY/MATERIAL NONCOMPLIANCE

**Finding 2025-008 Audit Submission to the Federal Government**

Name of contact person: Joseph Trollinger, Finance Officer

Corrective Action: The Town will implement the necessary measures to ensure compliance with Federal Audit Clearinghouse (FAC) submission deadlines. On March 9, 2026, the Town hired a full-time Finance Officer with experience in audit preparation and coordination with auditors throughout the audit process. The Finance Officer will maintain regular communication with the auditors and the Town's CPA consultant to ensure the timely submission of all required documentation. These actions are intended to prevent delays in the audit process and ensure the Town meets all FAC reporting deadlines.

Proposed Completion Date: The Town will implement these changes immediately.

MATERIAL WEAKNESS

**Finding 2025-009 Lack of Formal Agreement for Airport Profit-Sharing Arrangement**

Name of contact person: Joseph Trollinger, Finance Officer

Corrective Action: The Town has formalized the profit-sharing arrangement with the Airport Operator through an Airport Contract Addendum dated February 10, 2026. The Town will revisit and evaluate the terms of this agreement upon its expiration at the end of the current ten-year term in 2027 to ensure continued alignment with operational and financial objectives.

Proposed Completion Date: The Town implemented these changes on February 10, 2026.

**Town of Mount Olive, North Carolina**
**Summary Schedule of Prior Year Audit Findings**
**For the Year Ended June 30, 2025**

| | |
|---|---|
| Finding: | 2024-001 – Excess of Expenditures over Appropriations |
| Status: | This finding has been corrected. |
| Finding: | 2024-002 – Minimum Fidelity Bond Coverage for Finance Officer |
| Status: | This finding has been corrected. |
| Finding: | 2023-001 – Excess of Expenditures over Appropriations |
| Status: | This finding has been corrected. |
| Finding: | 2023-002 – Bank Reconciliations |
| Status: | This finding has not been corrected. |
| Finding: | 2022-001 – Late Audit |
| Status: | This finding has not been corrected. |
| Finding: | 2022-002 – Material Journal Entries |
| Status: | This finding has been corrected. |
| Finding: | 2022-003 – Year-End Cutoff |
| Status: | This finding has been corrected. |
| Finding: | 2022-004 – Allowance for Doubtful Accounts |
| Status: | This finding has been corrected. |
| Finding: | 2022-005 – Excess of Expenditures over Appropriations |
| Status: | This finding has been corrected. |
| Finding: | 2021-001 – Excess of Expenditures over Appropriations |
| Status: | This finding has been corrected. |
| Finding: | 2020-001 – Excess of Expenditures over Appropriations |
| Status: | This finding has 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, 2025

| Grantor/Pass-through Grant/Program Title | Assistant Listing Numbers | Award Number/State Pass-through Grantor's Number | Federal (Direct Pass-through) Expenditures | State Expenditures |
|---|---|---|---|---|
| US DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT | | | | |
| Passed through the NC Department of Environment Quality | | | | |
| Community Development Block Grant | 14.228 | CDBG-15-I-3161 | $ 3,063 | $ - |
| Community Development Block Grant | 14.228 | CDBG-20-I-3610 | 396,537 | - |
| Total US Dept of Housing and Urban Development | | | 399,600 | - |
| US DEPARTMENT OF TREASURY | | | | |
| Passed through the NC Department of Environment Quality | | | | |
| Cornoavirus State Local Fiscal Recovery Funds | 21.027 | VUR-W-ARP-0069 | 528,519 | - |
| Cornoavirus State Local Fiscal Recovery Funds | 21.027 | VUR-W-ARP-0088 | 381,706 | - |
| Cornoavirus State Local Fiscal Recovery Funds | 21.027 | SRP-SW-ARP-0050 | 147,445 | - |
| Total US Department of Treasury | | | 1,057,670 | - |
| Total Federal Assistance | | | 1,457,270 | - |
| **STATE GRANTS** | | | | |
| N.C. DEPARTMENT OF TRANSPORTATION | | | | |
| Powell Bill | | DOT-4 | - | 22,723 |
| Airport Improvement Program | | DOT-8 | - | 5,926,364 |
| Total N.C. Department of Transportation | | | - | 5,949,087 |
| N.C. DEPARTMENT OF EMERGENCY MANAGEMENT | | | | |
| Preparedness, Recovery and Mitigation Grant Programs | | | - | 21,875 |
| Total State Assistance | | | - | 5,970,962 |
| Total Assistance | | | $ 1,457,270 | $ 5,970,962 |

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, 2025. 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.