

**TOWN OF ELIZABETHTOWN,  
NORTH CAROLINA**

**FINANCIAL STATEMENTS**

**YEAR ENDED JUNE 30, 2025**



**Town of Elizabethtown, North Carolina  
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For the Year Ended June 30, 2025**

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## Independent Auditor's Report

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

### Report on the Audit of Financial Statements

#### *Opinions*

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

In our opinion, based upon our audit, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Elizabethtown as of June 30, 2025, and the respective changes in financial position, and cash flows thereof and the respective budgetary comparison for the General Fund, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) 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 Elizabethtown and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions. The financial statements of Elizabethtown's ABC Board were not audited in accordance with Governmental Auditing Standards.

### ***Responsibilities of Management for the Audit of the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raises substantial doubt about the Town of Elizabethtown's ability to continue as a going concern for the twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free of material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Governmental Auditing Standards* will always detect material statement when it exists.

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

In performing an audit in accordance with GAAS and *Governmental Auditing Standards* we

- exercised professional judgement and maintained professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Elizabethtown'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 Elizabethtown's ability to continue as a going concern for a reasonable period of time.

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, and the Other Post Employment Benefit and Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions, and the Local Government Employees' Retirement System Schedules of the Proportionate Share of Net Pension Asset (Liability) and Contributions, be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Elizabethtown's basic financial statements. The combining and individual fund financial statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 *U.S. Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit, the procedures described above, the combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards 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 December 5, 2025, on our consideration of the Town of Elizabethtown’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Town of Elizabethtown’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Elizabethtown’s internal control over financial reporting and compliance.

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

*Wilmington, North Carolina*

*December 5, 2025*

**Management’s Discussion and Analysis**

As management of the Town of Elizabethtown (the "Town"), we offer readers of the Town of Elizabethtown’s financial statements this narrative overview and analysis of the financial activities of the Town of Elizabethtown for the fiscal year ended June 30, 2025. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town’s financial statements, which follow this narrative.

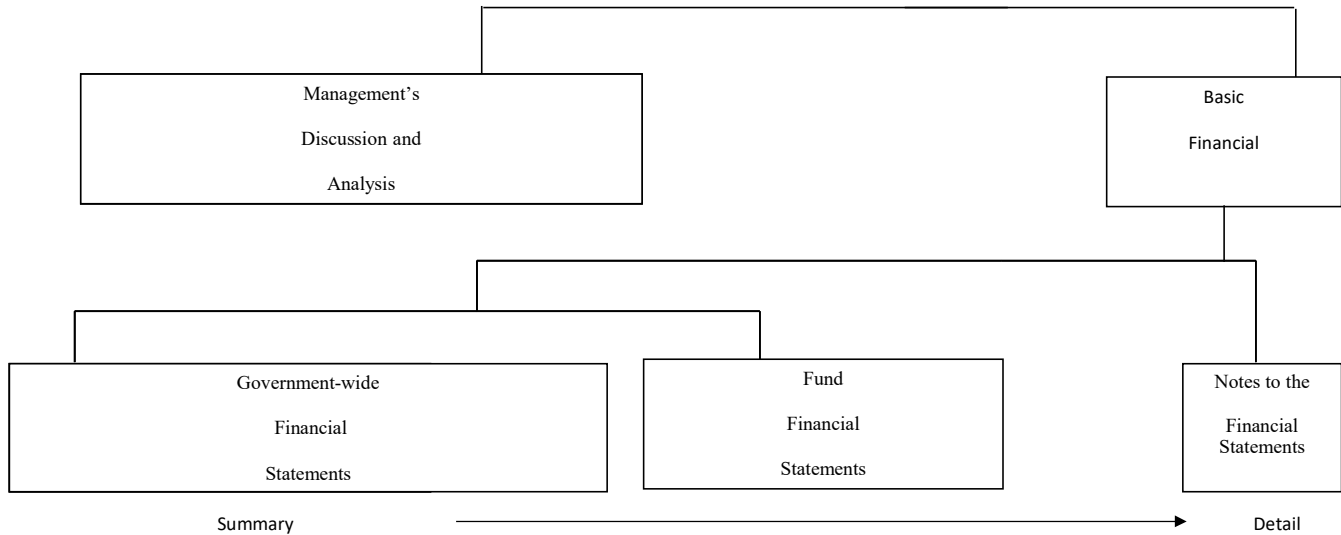
**Financial Highlights**

- The assets and deferred outflows of resources of the Town of Elizabethtown exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$53,376,443 (net position).
- The Town’s total net position increased by \$9,411,032 before restatement.
- As of the close of the current fiscal year, the Town of Elizabethtown’s governmental funds reported combined ending fund balances of \$5,506,060 an increase of \$377,655 in comparison with the prior year. Negative \$2,252,881 is unassigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$775,390 or 13% of total general fund expenditures for the fiscal year.
- The Town of Elizabethtown’s total note payable debt decreased by \$354,373 during the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to Town of Elizabethtown’s basic financial statements. The Town’s basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the Town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader’s understanding of the financial condition of the Town of Elizabethtown.

**Required Components of Annual Financial Report  
Figure 1**



**Basic Financial Statements**

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

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

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Town’s individual funds. Budgetary information required by the North Carolina General Statutes 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, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities and 3) component units. The governmental activities include most of the Town's basic services such as public safety, sanitation and general administration. Property taxes finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water and sewer services offered by the Town of Elizabethtown. The final category is the component units. Although legally separate from the Town, the ABC Board and Airport/Economic Development Commission are important to the Town because the Town exercises control over the Boards by appointing their members. The ABC Board is required to distribute its profits to the Town.

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

### **Fund Financial Statements**

The Fund Financial Statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Elizabethtown, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Elizabethtown 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 what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called *modified accrual accounting* which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

The Town of Elizabethtown adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Town, the management of the Town, and the decisions of the Board about which services to provide and how to pay for them. It also authorizes the Town to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Town complied with the budget ordinance and whether or not the Town succeeded in providing the services as planned when the budget was adopted. The budgetary comparison statement uses the budgetary basis of accounting and is presented using the same format, language, and classifications as the legal budget document. The statement shows four columns: 1) the original budget as adopted by the Board; 2) the final budget as amended by the Board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges.

**Proprietary Funds** – Town of Elizabethtown has one kind of proprietary fund. Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Elizabethtown uses enterprise funds to account for its water and sewer fund activities. This fund is the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Notes to the Financial Statements** – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements follow Exhibit 8 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's progress in funding its obligation to provide pension benefits and retiree health benefits to its employees. Required supplementary information can be found after the notes.

**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**

**Town of Elizabethtown's Net Position  
Figure 2**

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Current and other assets	\$ 7,236,939	\$ 7,476,702	\$ 4,842,348	\$ 3,746,222	\$ 12,079,287	\$ 11,222,924
Capital assets	36,370,067	28,659,861	14,867,552	14,009,764	51,237,619	42,669,625
<b>Total assets</b>	<b>43,607,006</b>	<b>36,136,563</b>	<b>19,709,900</b>	<b>17,755,986</b>	<b>63,316,906</b>	<b>53,892,549</b>
Deferred outflows of resources	825,828	1,085,674	107,130	139,732	932,958	1,225,406
Long-term liabilities outstanding	6,324,519	7,170,422	1,058,580	1,187,906	7,383,099	8,358,328
Other liabilities	1,683,161	1,756,909	1,109,648	237,620	2,792,809	1,994,529
<b>Total liabilities</b>	<b>8,007,680</b>	<b>8,927,331</b>	<b>2,168,228</b>	<b>1,425,526</b>	<b>10,175,908</b>	<b>10,352,857</b>
Deferred inflows of resources	677,899	76,806	19,614	13,575	697,513	90,381
Net position:						
Net investment in capital assets	31,698,336	23,720,388	13,962,452	13,118,033	45,660,788	36,838,421
Restricted	7,746,694	6,086,368	-	-	7,746,694	6,086,368
Unrestricted	(3,697,775)	(2,268,656)	3,666,736	3,338,584	(31,039)	1,069,928
<b>Total net position</b>	<b>\$ 35,747,255</b>	<b>\$ 27,538,100</b>	<b>\$ 17,629,188</b>	<b>\$ 16,456,617</b>	<b>\$ 53,376,443</b>	<b>\$ 43,994,717</b>

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Elizabethtown exceeded liabilities and deferred inflows by \$53,376,443 as of June 30, 2025. The Town's net position increased by \$9,411,032 before restatement for the fiscal year ended June 30, 2025. However, the largest portion \$45,660,788 (86%) reflects the Town's net investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Elizabethtown uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Elizabethtown's net investment in capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of Elizabethtown's net position, \$7,746,694 (14%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of (\$31,039) (0%) 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 97.22%.

**Town of Elizabethtown**  
**Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business Type Activities		Total	
	2025	2024	2025	2024	2025	2024
<b>Revenues:</b>						
<b>Program revenues:</b>						
Charges for services	\$ 1,977,185	\$ 1,585,475	\$ 2,252,475	\$ 2,127,601	\$ 4,229,660	\$ 3,713,076
Operating grants and contributions	135,006	9,184,802	-	125,660	135,006	9,310,462
Capital grants and contributions	8,745,691	-	1,361,109	-	10,106,800	-
<b>General revenues:</b>						
Property taxes	2,323,874	2,020,612	-	-	2,323,874	2,020,612
Other taxes	1,258,543	14,725	-	-	1,258,543	14,725
Other	594,316	1,676,618	1,732	1,741	596,048	1,678,359
<b>Total revenues</b>	<b>15,034,615</b>	<b>14,482,232</b>	<b>3,615,316</b>	<b>2,255,002</b>	<b>18,649,931</b>	<b>16,737,234</b>
<b>Expenses:</b>						
General government	2,806,885	2,202,600	-	-	2,806,885	2,202,600
Public safety	2,629,942	2,500,195	-	-	2,629,942	2,500,195
Transportation	349,128	608,658	-	-	349,128	608,658
Economic and physical development	146,533	933,109	-	-	146,533	933,109
Environmental protection	594,576	565,873	-	-	594,576	565,873
Cultural and recreation	210,075	25,346	-	-	210,075	25,346
Interest on long-term debt	65,983	151,390	-	-	65,983	151,390
Water and sewer	-	-	2,435,777	2,273,203	2,435,777	2,273,203
<b>Total expenses</b>	<b>6,803,122</b>	<b>6,987,171</b>	<b>2,435,777</b>	<b>2,273,203</b>	<b>9,238,899</b>	<b>9,260,374</b>
<b>Increase in net position</b>	<b>8,231,493</b>	<b>7,495,061</b>	<b>1,179,539</b>	<b>(18,201)</b>	<b>9,411,032</b>	<b>7,476,860</b>
Net position, beginning, as previously reported	27,538,100	20,043,039	16,456,617	16,474,818	43,994,717	36,517,857
Prior period restatement	(22,338)	-	(6,968)	-	(29,306)	-
Net position, beginning as restated	27,515,762	20,043,039	16,449,649	16,474,818	43,965,411	36,517,857
<b>Net position - Ending</b>	<b>\$ 35,747,255</b>	<b>\$ 27,538,100</b>	<b>\$ 17,629,188</b>	<b>\$ 16,456,617</b>	<b>\$ 53,376,443</b>	<b>\$ 43,994,717</b>

**Governmental activities.** Governmental activities increased the Town's net position by \$8,231,493. Key elements of this increase are as follows:

- Increase in capital grants.

**Business-type activities.** Business-type activities increased the Town of Elizabethtown's net position by \$1,179,539. Key elements of this increase are as follows:

- Increase in capital grants.

**Financial Analysis of the Town's Funds**

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

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

The general fund is the chief operating fund of the Town of Elizabethtown. At the end of the current fiscal year, the Town of Elizabethtown's unassigned fund balance available in the General Fund was \$775,390, while total fund balance reached \$3,811,017.

At June 30, 2025 the governmental funds of Town of Elizabethtown reported a combined fund balance of \$5,506,060, with a net increase in fund balance of \$377,655.

**General Fund Budgetary Highlights.** During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

**Proprietary Funds.** The Town of Elizabethtown's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer Fund at the end of the fiscal year amounted to \$3,666,736. The total change in net position was \$1,179,539 before restatement. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town of Elizabethtown's business-type activities.

**Capital Asset and Debt Administration**

Capital assets. The Town of Elizabethtown’s investment in capital assets for its governmental and business–type activities as of June 30, 2025 totals \$51,237,619 (net of accumulated depreciation). These assets include buildings, land, machinery and equipment, park facilities, and vehicles.

Major capital assets transactions during the year include the following:

- Commercial Trash Truck
- Enclosed Trailer

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

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land and construction in progress	\$ 17,037,993	\$ 8,541,085	\$ 4,477,716	\$ 3,005,039	\$ 21,515,709	\$ 11,546,124
Buildings	6,892,107	7,162,639	384,004	398,203	7,276,111	7,560,842
Infrastructure	12,172,675	12,568,749	-	-	12,172,675	12,568,749
Plant and distribution	-	-	9,894,266	10,430,746	9,894,266	10,430,746
Equipment	168,513	220,515	111,566	175,776	280,079	396,291
Vehicles	98,779	166,873	-	-	98,779	166,873
<b>Total</b>	<b>\$ 36,370,067</b>	<b>\$ 28,659,861</b>	<b>\$ 14,867,552</b>	<b>\$ 14,009,764</b>	<b>\$ 51,237,619</b>	<b>\$ 42,669,625</b>

Additional information on the Town’s capital assets can be found in the notes of the Basic Financial Statements.

**Town of Elizabethtown’s Outstanding Debt**

The Town of Elizabethtown’s total debt decreased by \$354,373 during the current fiscal year, due to debt payments.

Long-term Debt. As of June 30, 2025 the Town of Elizabethtown had total installment purchase debt outstanding of \$4,671,731.

**Outstanding Debt  
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2025	2024	2025	2024	2025	2024
Direct placement installment purchase	\$ 4,671,731	\$ 5,039,473	\$ -	\$ -	\$ 4,671,731	\$ 5,039,473
Notes payable	-	-	905,100	891,731	905,100	891,731
<b>Total</b>	<b>\$ 4,671,731</b>	<b>\$ 5,039,473</b>	<b>\$ 905,100</b>	<b>\$ 891,731</b>	<b>\$ 5,576,831</b>	<b>\$ 5,931,204</b>

North Carolina General Statutes limits the amount of general obligation debt that a unit of government can issue up 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 Elizabethtown is \$24,111,785.

Additional information regarding the Town of Elizabethtown’s long-term debt can be found in the notes of the Basic Financial Statements.

**Budget Highlights for the Fiscal Year Ending June 30, 2026**

**Governmental Activities:** Property taxes and sales tax revenue are expected to remain the same. The Town will continue its commitment to reducing the cost of delivering services.

**Business–type Activities:** The water and sewer rates in the Town are expected to increase by the consumer price index.

**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 attention of Finance Officer, Town of Elizabethtown, P.O. Box 716, Elizabethtown, NC 28337. You can also call 910-862-3979

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

Exhibit 1

	Primary Government			Town of Elizabethtown ABC Board	Elizabethtown Airport/Econ Development Commission
	Governmental Activities	Business-Type Activities	Total		
<b>Assets</b>					
<b>Current Assets:</b>					
Cash and cash equivalents	\$ 1,132,740	\$ 2,811,662	\$ 3,944,402	\$ 1,124,260	\$ 50,996
Restricted cash	2,669,826	212,233	2,882,059	-	3,265
Taxes receivables (net)	43,856	-	43,856	-	-
Accrued interest receivable on taxes	5,822	-	5,822	-	-
Accounts receivable (net)	225,665	1,112,118	1,337,783	-	3,676
Due from other governments	3,415,899	3,878	3,419,777	-	15,694
Internal Balances	(674,722)	674,722	-	-	-
Inventories	-	27,735	27,735	286,089	48,281
Lease Receivable	80,161	-	80,161	-	6,354
Prepaid items	-	-	-	707	-
<b>Total Current Assets</b>	<b>6,899,247</b>	<b>4,842,348</b>	<b>11,741,595</b>	<b>1,411,056</b>	<b>128,266</b>
<b>Non-current Assets:</b>					
Lease Receivable, non current portion	337,692	-	337,692	-	5,279
<b>Capital assets</b>					
Land, non-depreciable improvements and construction in progress	17,037,993	4,477,716	21,515,709	34,626	-
Other capital assets, net of depreciation	19,332,074	10,389,836	29,721,910	96,844	27,839
<b>Total Capital Assets</b>	<b>36,370,067</b>	<b>14,867,552</b>	<b>51,237,619</b>	<b>131,470</b>	<b>27,839</b>
<b>Total Assets</b>	<b>43,607,006</b>	<b>19,709,900</b>	<b>63,316,906</b>	<b>1,542,526</b>	<b>161,384</b>
<b>Deferred Outflows of Resources</b>					
Pension deferrals - LGERS	785,618	107,130	892,748	23,681	-
Pension deferrals - LEO	40,210	-	40,210	-	-
<b>Total deferred outflows of resources</b>	<b>825,828</b>	<b>107,130</b>	<b>932,958</b>	<b>23,681</b>	<b>-</b>
<b>Liabilities</b>					
<b>Current Liabilities:</b>					
Accounts payable and accrued liabilities	1,269,261	782,948	2,052,209	188,034	13,238
Accrued interest	26,176	-	26,176	-	-
Notes payable - current	344,724	98,467	443,191	-	-
Compensated absences - current	43,000	16,000	59,000	-	-
<b>Liabilities payable from restricted assets:</b>					
Customer deposits	-	212,233	212,233	-	3,265
Prepaid rent	-	-	-	-	4,500
<b>Long-term liabilities:</b>					
Net pension liability	1,511,303	206,087	1,717,390	30,876	-
Total pension liability	357,004	-	357,004	-	-
Compensated absences	129,205	45,860	175,065	6,449	-
Notes payable	4,327,007	806,633	5,133,640	-	-
<b>Total Liabilities</b>	<b>8,007,680</b>	<b>2,168,228</b>	<b>10,175,908</b>	<b>225,359</b>	<b>21,003</b>
<b>Deferred Inflows of Resources</b>					
Pension deferrals - LGERS	143,843	19,614	163,457	10,899	-
Pension deferrals - LEO	122,116	-	122,116	-	-
Prepaid taxes	6,334	-	6,334	-	-
Lease receivable	405,606	-	405,606	-	11,491
<b>Total deferred inflows of resources</b>	<b>677,899</b>	<b>19,614</b>	<b>697,513</b>	<b>10,899</b>	<b>11,491</b>
<b>Net Position</b>					
Net investment in capital assets	31,698,336	13,962,452	45,660,788	131,470	27,839
<b>Restricted for:</b>					
Stabilization by state statute	4,981,751	-	4,981,751	-	3,676
Debt reserve	95,117	-	95,117	-	-
Economic and physical development	1,871,750	-	1,871,750	-	-
Transportation	798,076	-	798,076	-	-
Capital improvements	-	-	-	700,000	-
Working capital	-	-	-	72,385	-
Unrestricted	(3,697,775)	3,666,736	(31,039)	426,094	97,375
<b>Total Net Position</b>	<b>\$ 35,747,255</b>	<b>\$ 17,629,188</b>	<b>\$ 53,376,443</b>	<b>\$ 1,329,949</b>	<b>\$ 128,890</b>

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

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

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			Town of Elizabethtown ABC Board	Elizabethtown Airport/Econ Development Commission
					Governmental Activities	Business Type Activities	Total		
<b>Primary Government:</b>									
<b>Governmental Activities:</b>									
General government	\$ 2,806,885	\$ 311,436	\$ -	\$ 64,792	\$ (2,430,657)	\$ -	\$ (2,430,657)	\$ -	\$ -
Public safety	2,629,942	280,858	-	276,089	(2,072,995)	-	(2,072,995)	-	-
Transportation	349,128	-	135,006	-	(214,122)	-	(214,122)	-	-
Economic & Physical Development	146,533	-	-	7,249,912	7,103,379	-	7,103,379	-	-
Environmental protection	594,576	1,374,516	-	-	779,940	-	779,940	-	-
Cultural and recreation	210,075	10,375	-	1,154,898	955,198	-	955,198	-	-
Interest on Long-Term Debt	65,983	-	-	-	(65,983)	-	(65,983)	-	-
Total Governmental Activities	<u>6,803,122</u>	<u>1,977,185</u>	<u>135,006</u>	<u>8,745,691</u>	<u>4,054,760</u>	<u>-</u>	<u>4,054,760</u>	<u>-</u>	<u>-</u>
<b>Business-Type Activities:</b>									
Water and Sewer Fund	<u>2,435,777</u>	<u>2,252,475</u>	<u>-</u>	<u>1,361,109</u>	<u>-</u>	<u>1,177,807</u>	<u>1,177,807</u>	<u>-</u>	<u>-</u>
Total Business-Type Activities	<u>2,435,777</u>	<u>2,252,475</u>	<u>-</u>	<u>1,361,109</u>	<u>-</u>	<u>1,177,807</u>	<u>1,177,807</u>	<u>-</u>	<u>-</u>
Total primary government	<u>9,238,899</u>	<u>4,229,660</u>	<u>135,006</u>	<u>10,106,800</u>	<u>4,054,760</u>	<u>1,177,807</u>	<u>5,232,567</u>	<u>-</u>	<u>-</u>
<b>Component Units:</b>									
Town of Elizabethtown ABC Board	2,280,257	2,432,880	-	-	-	-	-	152,623	-
Elizabethtown Airport/Economic	427,344	283,216	90,000	-	-	-	-	-	(54,128)
Total component units	<u>\$ 2,707,601</u>	<u>\$ 2,716,096</u>	<u>\$ 90,000</u>	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>152,623</u>	<u>(54,128)</u>
<b>General Revenues:</b>									
<b>Taxes:</b>									
Property taxes, levied for general purpose					2,323,874	-	2,323,874	-	-
Other taxes					1,258,543	-	1,258,543	-	-
Grants and contributions not restricted to specific programs					211,485	-	211,485	-	-
Investment earnings, unrestricted					300,907	1,732	302,639	31,918	295
Miscellaneous					81,924	-	81,924	-	8,410
Total general revenues					<u>4,176,733</u>	<u>1,732</u>	<u>4,178,465</u>	<u>31,918</u>	<u>8,705</u>
Change in net position					8,231,493	1,179,539	9,411,032	184,541	(45,423)
Net position, beginning, as previously reported					27,538,100	16,456,617	43,994,717	1,145,408	174,313
Prior period restatement					(22,338)	(6,968)	(29,306)	-	-
Net position, beginning, restated					<u>27,515,762</u>	<u>16,449,649</u>	<u>43,965,411</u>	<u>1,145,408</u>	<u>174,313</u>
Net position - ending					<u>\$ 35,747,255</u>	<u>\$ 17,629,188</u>	<u>\$ 53,376,443</u>	<u>\$ 1,329,949</u>	<u>\$ 128,890</u>

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

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

Exhibit 3

	Major Funds					Non-Major	Total Governmental Funds
	General Fund	Airport Runway & Apron Rehab Capital Project	CDBG Vulcanair Aircraft Manufacturing Facility Capital Project	Corporate Airpark Capital Project	CDBG Community Center Capital Project	Total Non Major Funds	
<b>Assets</b>							
Cash and cash equivalents	\$ 1,132,740	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,132,740
Restricted cash	798,076	-	-	-	-	1,871,750	2,669,826
Receivables (net):							
Taxes	43,856	-	-	-	-	-	43,856
Accounts	225,665	-	-	-	-	-	225,665
Due from other funds	1,340,187	-	-	-	-	-	1,340,187
Due from other governments	564,335	59,119	1,082,902	584,091	440,025	685,427	3,415,899
Lease Receivable	417,853	-	-	-	-	-	417,853
<b>Total assets</b>	<b><u>\$ 4,522,712</u></b>	<b><u>\$ 59,119</u></b>	<b><u>\$ 1,082,902</u></b>	<b><u>\$ 584,091</u></b>	<b><u>\$ 440,025</u></b>	<b><u>\$ 2,557,177</u></b>	<b><u>\$ 9,246,026</u></b>
<b>Liabilities</b>							
Liabilities:							
Accounts payable and accrued liabilities	\$ 240,245	\$ 7,546	\$ 178,586	\$ 506,101	\$ 330,078	\$ 6,705	\$ 1,269,261
Due to other funds	15,654	54,719	904,316	77,990	93,567	868,663	2,014,909
<b>Total liabilities</b>	<b><u>255,899</u></b>	<b><u>62,265</u></b>	<b><u>1,082,902</u></b>	<b><u>584,091</u></b>	<b><u>423,645</u></b>	<b><u>875,368</u></b>	<b><u>3,284,170</u></b>
<b>Deferred Inflows of Resources</b>							
Taxes Receivable	43,856	-	-	-	-	-	43,856
Prepaid Taxes	6,334	-	-	-	-	-	6,334
Lease Receivable	405,606	-	-	-	-	-	405,606
<b>Total Deferred Inflows of Resources</b>	<b><u>455,796</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>455,796</u></b>
<b>Fund Balances:</b>							
Non-spendables:							
Leases	12,247	-	-	-	-	-	-
Restricted:							
Stabilization by State Statute	2,130,187	59,119	1,082,902	584,091	440,025	685,427	4,981,751
Streets	798,076	-	-	-	-	-	798,076
Debt Reserve	95,117	-	-	-	-	-	95,117
Economic Development	-	-	-	-	-	1,871,750	1,871,750
Assigned:							
Subsequent Year Expenditures	-	-	-	-	-	-	-
Unassigned	775,390	(62,265)	(1,082,902)	(584,091)	(423,645)	(875,368)	(2,252,881)
<b>Total Fund Balances</b>	<b><u>3,811,017</u></b>	<b><u>(3,146)</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>16,380</u></b>	<b><u>1,681,809</u></b>	<b><u>5,506,060</u></b>
<b>Total liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b><u>\$ 4,522,712</u></b>	<b><u>\$ 59,119</u></b>	<b><u>\$ 1,082,902</u></b>	<b><u>\$ 584,091</u></b>	<b><u>\$ 440,025</u></b>	<b><u>\$ 2,557,177</u></b>	<b><u>\$ 9,246,026</u></b>

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

Exhibit 3,  
continued

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:

Total fund balance, Governmental Funds	\$	5,506,060
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical cost	\$	50,367,473
Accumulated depreciation		<u>(13,997,406)</u>
		36,370,067
Deferred outflows of resources related to pensions are not reported in the funds		
LGERS		785,618
LEO		40,210
Other long-term assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are inflows of resources in the funds.		
		5,822
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
		43,856
Some liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the net assets of governmental activities.		
		(4,671,731)
Deferred inflows of resources related to pensions are not reported in the funds		
LGERS		(143,843)
LEO		(122,116)
Other long-term liabilities (accrued interest) are not due and payable in the current period and therefore are not reported in the funds.		
		(26,176)
Net pension liability		(1,511,303)
Total pension liability		(357,004)
Compensated absences		(172,205)
Net position of governmental activities	<u>\$</u>	<u>35,747,255</u>

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

Exhibit 4

	Major Funds					Non-Major	Total Governmental Funds
	General Fund	Airport Runway & Apron Rehab Capital Project	CDBG Vulcanair Aircraft Manufacturing Facility Capital Project	Corporate Airpark Capital Project	CDBG Community Center Capital Project	Total Non Major Funds	
<b>Revenues:</b>							
Ad valorem taxes	\$ 2,381,090	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,381,090
Other taxes and licenses	15,475	-	-	-	-	-	15,475
Unrestricted intergovernmental	1,385,919	-	-	-	-	-	1,385,919
Restricted intergovernmental	363,384	1,159,924	1,325,267	4,228,619	1,154,898	876,165	9,108,257
Permits and fees	43,490	-	-	-	-	-	43,490
Sales and services	1,776,820	-	-	-	-	-	1,776,820
Investment earnings	214,364	-	-	-	-	86,543	300,907
Miscellaneous	63,584	-	-	-	-	16,289	79,873
Total revenues	6,244,126	1,159,924	1,325,267	4,228,619	1,154,898	978,997	15,091,831
<b>Expenditures:</b>							
<b>Current:</b>							
General government	2,186,067	-	-	-	-	64,792	2,250,859
Public safety	2,131,983	-	-	-	-	344,089	2,476,072
Transportation	379,621	-	-	-	-	-	379,621
Economic & Physical Development	134,999	1,070,062	1,325,267	4,228,619	-	362,749	7,121,696
Environmental protection	594,576	-	-	-	-	-	594,576
Cultural and recreation	17,579	-	-	-	1,154,898	388,879	1,561,356
Debt service							
Principal	367,742	-	-	-	-	-	367,742
Interest	62,254	-	-	-	-	-	62,254
Total expenditures	5,874,821	1,070,062	1,325,267	4,228,619	1,154,898	1,160,509	14,814,176
Revenues over (under) expenditures	369,305	89,862	-	-	-	(181,512)	277,655
<b>Other financing sources (uses):</b>							
Transfers (to) from other funds	(31,585)	-	-	-	-	31,585	-
Transfers (to) from other funds	-	-	-	-	-	100,000	100,000
Debt proceeds	-	-	-	-	-	100,000	100,000
Total other financing sources (uses)	(31,585)	-	-	-	-	131,585	100,000
Net Change in Fund Balance	337,720	89,862	-	-	-	(49,927)	377,655
Fund Balance, Beginning	3,473,297	(93,008)	-	-	16,380	1,731,736	5,128,405
Fund Balances, Ending	\$ 3,811,017	\$ (3,146)	\$ -	\$ -	\$ 16,380	\$ 1,681,809	\$ 5,506,060

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

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

Exhibit 4,  
continued

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

Net changes in fund balances - total governmental funds		\$ 377,655
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Depreciation	\$ (1,103,005)	
Capital Outlay	8,813,211	7,710,206
<p>Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position</p>		
		325,612
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		(40,381)
Change in accrued interest receivable from taxes		(16,835)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. These amounts are the net effect of the differences in the treatment of long-term debt and related items.</p>		
New long-term debt issued	(100,000)	
Principal payments on long-term debt	367,742	
(Increase)/Decrease in accrued interest payable	<u>(3,729)</u>	264,013
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences	(939)	
Pension expense	<u>(387,838)</u>	(388,777)
Total changes in net position of governmental activities.		<u><u>\$ 8,231,493</u></u>

## General Fund

## Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual

For the Year Ended June 30, 2025

	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Ad valorem taxes	2,044,392	\$ 2,367,965	\$ 2,381,090	\$ 13,125
Other taxes and licenses	14,000	14,000	15,475	1,475
Unrestricted intergovernmental	1,247,000	1,341,000	1,385,919	44,919
Restricted intergovernmental	128,500	363,163	363,384	221
Permits and fees	34,635	43,820	43,490	(330)
Sales and services	1,751,109	1,758,892	1,776,820	17,928
Investment earnings	180,000	180,000	214,364	34,364
Miscellaneous	-	81,725	63,584	(18,141)
Total revenues	<u>5,399,636</u>	<u>6,150,565</u>	<u>6,244,126</u>	<u>93,561</u>
<b>Expenditures:</b>				
Current:				
General government	1,860,396	2,062,115	2,186,067	(123,952)
Economic Development	160	110,000	134,999	(24,999)
Public safety	2,071,792	2,134,058	2,131,983	2,075
Transportation	139,470	511,165	379,621	131,544
Environmental protection	768,000	768,000	594,576	173,424
Cultural and recreation	179,750	267,203	17,579	249,624
Debt service	457,873	457,873	429,996	27,877
Total expenditures	<u>5,477,441</u>	<u>6,310,414</u>	<u>5,874,821</u>	<u>435,593</u>
Revenues over (under) expenditures	<u>(77,805)</u>	<u>(159,849)</u>	<u>369,305</u>	<u>529,154</u>
<b>Other financing sources (uses):</b>				
Transfers (to)/from other funds	(31,402)	(31,402)	(31,585)	(183)
Fund Balance Appropriated	109,207	191,251	-	(191,251)
Total other financing sources (uses)	<u>77,805</u>	<u>159,849</u>	<u>(31,585)</u>	<u>(191,434)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>337,720</u>	<u>\$ 337,720</u>
Fund Balance, Beginning			<u>3,473,297</u>	
Fund Balances, Ending			<u>\$ 3,811,017</u>	

Town of Elizabethtown, North Carolina  
Statement of Fund Net Position  
Proprietary Fund  
June 30, 2025

Exhibit 6

<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 2,811,662
Restricted cash	212,233
Accounts receivable (net) - billed	899,035
Accounts receivable (net) - unbilled	213,083
Due from other governments	3,878
Due from other funds	674,722
Inventories	<u>27,735</u>
Total Current Assets	<u>4,842,348</u>
Non-Current Assets:	
Capital Assets:	
Land, non-depreciable improvements and construction in progress	4,477,716
Other capital assets, net of depreciation	<u>10,389,836</u>
Total Capital Assets	<u>14,867,552</u>
Total Assets	<u>19,709,900</u>
<b>Deferred Outflows of Resources:</b>	<u>107,130</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and Accrued Liabilities	782,948
Liabilities payable from restricted assets	
Customer deposits	212,233
Notes payable - current	98,467
Vacation payable - Current	14,000
Sick leave payable - Current	<u>2,000</u>
Total Current Assets	<u>1,109,648</u>
Noncurrent liabilities:	
Notes payable	806,633
Vacation payable	40,192
Sick leave payable	5,668
Net Pension Liability	<u>206,087</u>
Total Noncurrent Liabilities	<u>1,058,580</u>
Total liabilities	<u>2,168,228</u>
<b>Deferred Inflows of Resources</b>	<u>19,614</u>
<b>Net Position</b>	
Net investment in capital assets	13,962,452
Unrestricted	<u>3,666,736</u>
Total Net Position	<u>\$ 17,629,188</u>

Town of Elizabethtown, North Carolina  
**Statements of Revenues, Expenses, and Changes in Fund Net Position**  
**Proprietary Fund**  
For the Fiscal Year Ended June 30, 2025

Exhibit 7

<b>Operating revenues:</b>	
Water Sales	\$ 958,456
County Water	223
Sewer Charges	1,123,944
Grease Trap Fees	63,622
Water and Sewer Taps	9,500
Reconnection Fee	93,865
Miscellaneous	2,865
Total Operating Revenue	2,252,475
 <b>Operating expenses:</b>	
Water Department:	
Salaries and employee benefits	401,564
Other operating Expenses	399,669
Depreciation	307,444
Total Operating Expenses	1,108,677
 Sewer Department:	
Salaries and employee benefits	442,220
Other operating Expenses	569,471
Depreciation	307,445
Total	1,319,136
<b>Operating income (Loss)</b>	<b>(175,338)</b>
 <b>Nonoperating revenues (expenses):</b>	
Investment Earnings	1,732
Interest and Fees	(7,964)
Total nonoperating revenues (expenses)	(6,232)
Income Before Contributions and Transfers	(181,570)
Capital Contributions - Grant	1,361,109
<b>Change in Net Position</b>	<b>1,179,539</b>
Net position, beginning, as previously reported	16,456,617
Prior period restatement	(6,968)
Net position, beginning as restated	16,449,649
Net Position, Ending	<b>\$ 17,629,188</b>

Town of Elizabethtown, North Carolina  
**Statement of Cash Flows**  
**Proprietary Fund**  
For The Fiscal Year Ended June 30, 2025

Exhibit 8

<b>Cash flows from operating activities:</b>	
Cash received from customers	\$ 1,487,497
Cash paid for goods and services	(211,579)
Cash paid to employees for services	(840,339)
Net cash provided by operating activities	435,579
 <b>Cash flows from noncapital financing activities:</b>	
Transfer to General Fund	-
Net cash flows from noncapital financing activities:	-
 <b>Cash flows from capital and related financing activities:</b>	
Acquisition and construction of capital assets	(1,472,677)
Proceeds from sale of assets	-
Debt principal payments	(98,199)
Debt proceeds	111,568
Interest paid	(7,964)
Capital Contributions - Grants	1,361,109
Net cash used by capital and related financing activities	(106,163)
 <b>Cash flows from investing activities:</b>	
Interest on investments	1,732
Net decrease in cash and cash equivalents	331,148
 <b>Cash and cash equivalents:</b>	
Beginning	2,692,747
Ending	\$ 3,023,895
 <b>Reconciliation of operating income to net cash provided by operating activities</b>	
Operating income (loss)	\$ (175,338)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	614,889
Grant operating expenses	-
Changes in assets and liabilities:	
(Increase)/Decrease in accounts receivable	(796,380)
(Increase)/Decrease in due from other funds	31,402
(Increase)/Decrease in inventory	-
(Increase)/Decrease in deferred outflows of resources-pensions	32,602
Increase/(Decrease) in net pension liability	(30,230)
Increase/(Decrease) in deferred inflows of resources-pensions	6,039
Increase/(Decrease) in accounts payable and accrued liabilities	760,941
Increase/(Decrease) in customer deposits	(3,380)
Increase/(Decrease) in accrued compensated absences	(4,966)
Total adjustments	610,917
Net cash provided by operating activities	\$ 435,579

**Town of Elizabethtown, North Carolina**  
**Notes to the Financial Statements**  
**For the Fiscal Year Ended June 30, 2025**

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Elizabethtown and its discretely presented component units 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 Elizabethtown is a municipal corporation that is governed by an elected mayor and a six-member council. As required by generally accepted accounting principles, these financial statements present the Town and its component units, legally separate entities for which the Town is financially accountable. The discretely presented component units presented below are reported in separate columns in the Town's financial statements in order to emphasize that they are legally separate from the Town.

Town of Elizabethtown ABC Board

The members of the ABC Board's governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the entity's administrative offices at Town of Elizabethtown ABC Board, Highway 87 West, Elizabethtown, NC 28337.

Elizabethtown Airport Economic Development Commission (Airport)

Seven of the nine board members of the Elizabethtown Airport/Economic Development Commission are appointed by the Town, with two being appointed by the County of Bladen. Primary support is provided by the Town along with a lesser support from the County. The Airport's year-end is June 30 and is included as a component unit of the Town. Complete financial statements for the Airport may be reviewed at the Town of Elizabethtown's administrative office.

B. Basis of Presentation

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

The 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 or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

## Notes to the Financial Statements

The Town reports the following major governmental fund:

**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. The primary expenditures are for public safety, street maintenance and construction, sanitation services, parks and recreation, and general government services.

**Airport Hangers Capital Project Fund** – This fund is used to account for purchase and construction of airport hangers within the airport complex.

**Airport Runway and Apron Rehabilitation Capital Project Fund** – This fund is used to account for grant funds designated for the repair and resurfacing of the airport and connected aprons at the airport.

**Airport Airpark Capital Project Fund** – This fund is used to account for capital projects associated with the airport.

**Elizabethtown Cemetery Capital Project Fund** – This fund is used to account for expenses and FEMA reimbursements for the cemetery after damage from Hurricane Florence was sustained.

The Town reports the following non-major governmental funds

**EV Charging Station Capital Project Fund** – This fund is used to account for grant proceeds for the construction of an electric vehicle charging station at the farmers market.

**Elizabethtown Fire and Rescue Department Building Capital Project Fund** – This fund is used to account for grant proceeds for the construction of the Fire and Rescue Building.

**Airport Airside Design Build Capital Project Fund** – This fund is used to account for capital project associated with the airport's design build project.

**Airport Master Plan Update Capital Project Fund** – This fund is used to account for capital project associated with updating the airport's master plan.

**CDBG Ace Wrecker Site Capital Project Fund** – This fund is used to account for the acquisition of real estate adjacent to the airport for use within the economic development area.

**CDBG Client Repayment Fund** – This fund is used to account for payments to the Town from citizens who received improvements to their property from CDBG grant projects.

**CDBG Neighborhood Revitalization Project Fund** – This fund is used to account for Community Development Block Grant funds to be used for the improvement of selected qualified local citizens' residence.

**CDBG Community Center Capital Project** – This fund is used to account for Community Development Block Grant funds to be used for the construction of a community center.

**Golden Leaf Stormwater Capital Project** – This fund is used to account for Golden Leaf Grant funds to be used for the improvements of street stormwater drainage.

**Golden Leaf Live, Work, Play Grant Project** – This fund is used to account for Golden Leaf Grant funds to be used for the Live, Work, Play project.

**Golden Leaf Live, Work, Play Housing Project** – This fund is used to account for Golden Leaf Grant funds to be used for the Live, Work, Play housing project.

**Safe Streets For All Grant Project** – This fund is used to account for grant funds to be used for the safe streets project.

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. Water and Sewer Capital Project Funds have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Projects Funds have been included in the supplemental information.

## Notes to the Financial Statements

### 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 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 nonoperating 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 nonoperating revenues and expenses.

*Governmental Fund Financial Statements.* Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental 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 revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the 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 a shared revenue for the Town of Elizabethtown because the tax is levied by the County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net 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 by 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 Enterprise Funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Special Revenue and Capital Projects Funds. The enterprise fund projects 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 functional level for all annually budgeted funds and at the project level for multi-year funds. The Town Manager is authorized to transfer appropriations within a fund up to \$5,000; however, any revisions that alter the total expenditures of any fund or exceed \$5,000 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. A budget calendar is included in the North Carolina General Statutes which prescribes the last day on which certain steps of that budget procedure are to be performed. 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.

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

Deposits and Investments

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

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

Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

Notes to the Financial Statements

Restricted Assets

Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4. North Carolina and Federal controlled substance excise taxes are classified as restricted assets since they may only be used for law enforcement purposes. Customer deposits held by the Town for the duration of the customer's water service until such time as water service is discontinued when they are returned to the customer in part or in full after satisfying any outstanding balance, are reported as restricted cash.

Town of Elizabethtown Restricted Cash

Governmental Activities	
General Fund	
Streets	\$ 798,076
Golden Leaf Live, Work, Play Grant	9,639
CDBG Project Funds	106
Airport Hangers Capital Project Fund	1,862,005
Airport Runway & Apron Rehab Capital Project	
Total governmental activities	<u>2,669,826</u>
Business-type Activities	
Water and Sewer Fund	
Customer Deposits	212,233
Total business-type activities	<u>212,233</u>
Total Restricted Cash	<u>\$ 2,882,059</u>

Ad Valorem Taxes Receivable

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

Allowances 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.

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.

Inventory and Prepaid Items

The inventories of the Town, Airport and ABC Board are valued at cost (first-in, first-out), which approximates market. The Town's General Fund inventory consists of expendable supplies that are recognized as expenditures when purchased. If significant, the amount of inventory on hand at year end is reported on the balance sheet in the governmental funds. However, in the Government-wide Statement Activities the cost of these inventories is expensed as the items are used.

The inventories of the Town's enterprise funds, and those of the ABC Board 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.

The Town has no inventory.

8. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land, \$5,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$5,000; infrastructure, \$5,000; furniture and equipment, \$5,000; and vehicles, \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	40 years
Infrastructure	30 years
Motor Vehicles	5 years
Equipment	7 years
Plant Assets	50 years

Property, plant, and equipment of the ABC Board and Airport are depreciated over their useful lives on a straight-line basis as follows:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
<u>Buildings</u>	50 years
<u>Furniture</u>	5-6 years
Equipment	10 years
Land Improvements	10 years

9. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2024 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has three items that meet the criterion for this category - property taxes receivable unavailable as revenues (reported only on the Balance Sheet of the Governmental Funds), lease receivable and pension deferrals for the 2024 fiscal year.

10. 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.

11. Compensated Absences

The vacation policy of the Town provides for two weeks' vacation leave per year. The vacation policy provides for a maximum of 240 hours to be carried from one year to the next. Any employee with more than 240 hours of accumulated leave during the last pay period of each calendar year shall have the excess accumulation removed so that only 240 hours are carried forward to the first pay period of the next calendar year. All excess vacation hours over 240 will be converted to the employee's sick leave account. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. In accordance with GASB Statement No. 101 for the Town's government-wide funds, an expense and liability for sick leave is recognized using the "practical expedient approach" allowed by the Standard for the portion of sick leave expected to be used and paid by the Town.

12. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

**Nonspendable Fund Balance** - This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

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

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

Reserve for Debt Reserve – The amount USDA requires restricted for debt payments as described in the loan document.

Restricted for Economic and Physical Development – portion of fund balance that is restricted for future Airport and CDBG projects.

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for certain public safety expenditures.

**Committed Fund Balance** - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Elizabethtown'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.

**Assigned Fund Balance** - portion of fund balance that the Town of Elizabethtown intends to use for specific purposes.

Assigned for cemetery - portion of remaining fund balance that has been budgeted by the Board for the cemetery in a special revenue fund.

Subsequent year's expenditure - portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation. State law [G.S. 159-13(b)(16)] restricted appropriation of fund balance for the subsequent year's budget to an amount not to exceed the sum of cash and investments minus the sum of liabilities, encumbrances, and deferred revenues arising from cash receipts as those amounts stand at the close of the fiscal year preceding the budget year.

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

### 13. Pension

For purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, and 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's employer contributions are recognized when due and the Town 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.

### 14. Accounting for Changes

The Town implemented GASB Statement No. 101, Compensated Absences in the current fiscal year. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. The implementation of this Statement required a prior period restatement to reduce government-wide net position by \$29,306 to record the estimated liability for sick leave at June 30, 2024.

The Town implemented GASB Statement No. 102, Certain Risk Disclosures. The disclosures provide users with timely information regarding certain concentrations or constraints and related events that have occurred or have begun to occur that make a government vulnerable to a substantial impact. As a result, users will have better information with which to understand and anticipate certain risks to a government's financial condition.

### 15. Recent Accounting Pronouncements

#### GASB Statement No. 103, Financial Reporting Model Improvements

In April 2024, the GASB issued GASB Statement No. 103, Financial Reporting Model Improvements. The objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. This Statement also addresses certain application issues.

This Statement continues the requirement that the basic financial statements be preceded by management's discussion and analysis (MD&A), which is presented as required supplementary information (RSI). MD&A provides an objective and easily readable analysis of the government's financial activities based on currently known facts, decisions, or conditions and presents comparisons between the current year and the prior year. This Statement requires that the information presented in MD&A be limited to the related topics discussed in five sections: (1) Overview of the Financial Statements, (2) Financial Summary, (3) Detailed Analyses, (4) Significant Capital Asset and Long-Term Financing Activity, and (5) Currently Known Facts, Decisions, or Conditions. Furthermore, this Statement stresses that the detailed analyses should explain why balances and results of operations changed rather than simply presenting the amounts or percentages by which they changed. This Statement emphasizes that the analysis provided in MD&A should avoid unnecessary duplication by not repeating explanations that may be relevant to multiple sections and that "boilerplate" discussions should be avoided by presenting only the most relevant information, focused on the primary government. In addition, this Statement continues the requirement that information included in MD&A distinguish between that of the primary government and its discretely presented component units.

This Statement describes unusual or infrequent items as transactions and other events that are either unusual in nature or infrequent in occurrence. Furthermore, governments are required to display the inflows and outflows related to each unusual or infrequent item separately as the last presented flow(s) of resources prior to the net change in resource flows in the government-wide, governmental fund, and proprietary fund statements of resource flows. This Statement requires that the proprietary fund statement of revenues, expenses, and changes in fund net position continue to distinguish between operating and nonoperating revenues and expenses. Operating revenues and expenses are defined as revenues and expenses other than nonoperating revenues and expenses. Nonoperating revenues and expenses are defined as (1) subsidies received and provided, (2) contributions to permanent and term endowments, (3) revenues and expenses related to financing, (4) resources from the disposal of capital assets and inventory, and (5) investment income and expenses.

## Notes to the Financial Statements

In addition to the subtotals currently required in a proprietary fund statement of revenues, expenses, and changes in fund net position, this Statement requires that a subtotal for operating income (loss) and noncapital subsidies be presented before reporting other nonoperating revenues and expenses. Subsidies are defined as (1) resources received from another party or fund (a) for which the proprietary fund does not provide goods and services to the other party or fund and (b) that directly or indirectly keep the proprietary fund's current or future fees and charges lower than they would be otherwise, (2) resources provided to another party or fund (a) for which the other party or fund does not provide goods and services to the proprietary fund and (b) that are recoverable through the proprietary fund's current or future pricing policies, and (3) all other transfers.

This Statement requires governments to present each major component unit separately in the reporting entity's statement of net position and statement of activities if it does not reduce the readability of the statements. If the readability of those statements would be reduced, combining statements of major component units should be presented after the fund financial statements.

This Statement requires governments to present budgetary comparison information using a single method of communication—RSI. Governments also are required to present (1) variances between original and final budget amounts and (2) variances between final budget and actual amounts. An explanation of significant variances is required to be presented in notes to RSI. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged. The Town is currently reviewing this statement to determine the effect on the financial statements.

### GASB Statement No. 104, Disclosure of Certain Capital Assets

In September 2024, the GASB issued GASB Statement No. 104, Disclosure of Certain Capital Assets. This Statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosures required by Statement 34. Lease assets recognized in accordance with Statement No. 87, Leases, and intangible right-to-use assets recognized in accordance with Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, should be disclosed separately by major class of underlying asset in the capital as-sets note disclosures. Subscription assets recognized in accordance with Statement No. 96, Subscription-Based Information Technology Arrangements, also should be separately disclosed. In addition, this Statement requires intangible assets other than those three types to be disclosed separately by major class.

This Statement also requires additional disclosures for capital assets held for sale. A capital asset is a capital asset held for sale if (a) the government has decided to pursue the sale of the capital asset and (b) it is probable that the sale will be finalized within one year of the financial statement date. Governments should consider relevant factors to evaluate the likelihood of the capital asset being sold within the established time frame. This Statement requires that capital assets held for sale be evaluated each reporting period. Governments should disclose (1) the ending balance of capital assets held for sale, with separate disclosure for historical cost and accumulated depreciation by major class of asset, and (2) the carrying amount of debt for which the capital assets held for sale are pledged as collateral for each major class of asset. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. Earlier application is encouraged.

## II. Stewardship, Compliance, and Accountability

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

#### 1. Noncompliance with North Carolina General Statutes

G.S. 159-28(a) - Budget violation

#### 2. Contractual Violations

None.

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

The Airport Runway & Apron Rehab Capital Project fund had a deficit fund balance at June 30, 2025 related to grant timing issues.

### C. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2025, the expenditures made in the Towns' Funds exceeded the authorized appropriations made by the governing board for the following departments:

General government	\$	122,952
Economic development	\$	24,999
CDBG Vulcanair Aircraft Manufacturing Facility Capital Project	\$	1,325,267
Corporate Airpark Capital Project	\$	2,013,507
Airport Hangers Capital Project	\$	25,449
Safe Streets for All Grant Project	\$	2,999
Water and sewer Fund	\$	51,258

## Notes to the Financial Statements

### III. Detail Notes on All Funds

#### A. Assets

##### Deposits

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

At June 30, 2025, The Town's deposits had a carrying amount of \$1,187,704 and a bank balance of \$2,154,613. Of the bank balance, \$508,919 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2024, the Town's petty cash fund totaled \$75.

##### Investments

As of June 30, 2025, the Town's investments consisted of \$5,638,682 in the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no formal policy on credit risk. The ABC Board had \$428,883 invested in US Treasuries.

##### Receivables – Allowance for Doubtful Accounts

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

Fund	<u>June 30, 2025</u>
General Fund	
Taxes Receivable	\$ 121,433
Accounts Receivable	<u>28,402</u>
Total	149,835
Enterprise Funds	<u>75,319</u>
Total	<u>\$ 225,154</u>

##### Lease Receivable

The Town entered into a lease for Farmer's Market Building Lease. The lease is paid on monthly basis and is expected to end in fiscal year 2031. The balance as of June 30, 2025 is \$417,853.

Capital Assets**Primary Government**

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Governmental activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 2,079,891	\$ 105,672	\$ -	\$ 2,185,563
Construction in progress	6,461,194	8,391,236	-	14,852,430
Total capital assets not being depreciated	8,541,085	8,496,908	-	17,037,993
<b>Capital assets being depreciated:</b>				
Buildings	11,105,639	-	-	11,105,639
Infrastructure	17,721,957	316,303	-	18,038,260
Equipment	1,716,371	-	-	1,716,371
Vehicles	2,524,483	-	(55,273)	2,469,210
Total capital assets being depreciated	33,068,450	316,303	(55,273)	33,329,480
<b>Less accumulated depreciation for:</b>				
Buildings	3,943,000	270,532	-	4,213,532
Infrastructure	5,153,208	712,377	-	5,865,585
Equipment	1,495,856	52,002	-	1,547,858
Vehicles	2,357,610	68,094	(55,273)	2,370,431
Total accumulated depreciation	12,949,674	\$ 1,103,005	\$ (55,273)	13,997,406
Total capital assets being depreciated, net	20,118,776			19,332,074
<b>Governmental activity capital assets, net</b>	<b>\$ 28,659,861</b>			<b>\$ 36,370,067</b>

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

General Government	\$ 700,634
Public safety	116,561
Transportation	285,810
Total Depreciation Expense	<u>\$ 1,103,005</u>

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

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Business-type activities:</b>				
<b>Capital assets not being depreciated:</b>				
Land	\$ 1,250,019	\$ -	\$ -	\$ 1,250,019
Construction in progress	1,755,020	1,472,677	-	3,227,697
Total capital assets not being depreciated	3,005,039	1,472,677	-	4,477,716
<b>Capital assets being depreciated:</b>				
Buildings	833,984	-	-	833,984
Plant and Distribution	23,831,460	-	-	23,831,460
Equipment	1,363,484	-	-	1,363,484
Total capital assets being depreciated	26,028,928	-	-	26,028,928
<b>Less accumulated depreciation for:</b>				
Buildings	435,781	14,199	-	449,980
Plant and Distribution	13,400,714	536,480	-	13,937,194
Equipment	1,187,708	64,210	-	1,251,918
Total accumulated depreciation	15,024,203	\$ 614,889	\$ -	15,639,092
Total capital assets being depreciated, net	11,004,725			10,389,836
<b>Water &amp; Sewer Fund capital assets, net</b>	<b>\$ 14,009,764</b>			<b>\$ 14,867,552</b>

Notes to the Financial Statements

Activity for the ABC Board for the year ended June 30, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital assets not being depreciated:</b>				
Land	\$ 34,626	\$ -	\$ -	\$ 34,626
Total capital assets not being depreciated	34,626	-	-	34,626
<b>Capital assets being depreciated:</b>				
Buildings	212,626	-	-	212,626
Other Improvements	8,526	-	-	8,526
Equipment	94,908	-	-	94,908
Total capital assets being depreciated	316,060	-	-	316,060
<b>Less accumulated depreciation for:</b>				
Buildings	118,552	4,455	-	123,007
Other Improvements	7,797	187	-	7,984
Equipment	85,490	2,735	-	88,225
Total accumulated depreciation	211,839	\$ 7,377	\$ -	219,216
Total capital assets being depreciated, net	104,221			96,844
<b>ABC Capital Assets, net</b>	<b>\$ 138,847</b>			<b>\$ 131,470</b>

Activity for the Airport for the year ended June 30, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
<b>Capital assets not being depreciated:</b>				
Land	\$ -	\$ -	\$ -	\$ -
Total capital assets not being depreciated	-	-	-	-
<b>Capital assets being depreciated:</b>				
Buildings	56,003	-	-	56,003
Other Improvements	6,700	-	-	6,700
Equipment	340,541	-	-	340,541
Total capital assets being depreciated	403,244	-	-	403,244
<b>Less accumulated depreciation for:</b>				
Buildings	56,003	-	-	56,003
Other Improvements	335	670	-	1,005
Equipment	299,353	19,044	-	318,397
Total accumulated depreciation	355,691	\$ 19,714	\$ -	375,405
Total capital assets being depreciated, net	47,553			27,839
<b>ABC Capital Assets, net</b>	<b>\$ 47,553</b>			<b>\$ 27,839</b>

B. Liabilities

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

*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. The Town 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's contractually required contribution rate for the year ended June 30, 2025, was 15.04% of compensation for law enforcement officers and 13.66% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town were \$357,077 for the year ended June 30, 2025.

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

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

At June 30, 2025, the Town reported a liability of \$1,717,390 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024 (measurement date), the Town's proportion was 0.02548%, which was an decrease of 0.00426% from its proportion measured as of June 30, 2024.

Notes to the Financial Statements

For the year ended June 30, 2025, the Town recognized pension expense of \$427,170. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 300,952	\$ 2,023
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	233,478	-
Changes in proportion and differences between Town's contributions and proportionate share of contributions	1,241	161,434
Town's contributions subsequent to the measurement date	357,077	-
Total	<u>\$ 892,748</u>	<u>\$ 163,457</u>

\$357,077 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as an increase of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30</u>	
2026	\$ 93,160
2027	285,830
2028	19,622
2029	(26,400)
2030	-
Thereafter	-
	<u>\$ 372,212</u>

*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	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study as of 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 correct as is by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2025 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29%	1.4%
Global Equity	42%	5.3%
Real Estate	8%	4.3%
Alternatives	8%	8.9%
Credit	7%	6.0%
Inflation Protection	6%	4.0%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2024 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 liability to changes in the discount rate.* The following presents the Town's proportionate share of the net pension asset calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension liability 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)	\$3,043,265	\$1,717,390	\$626,675

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

b. Law Enforcement Officers Special Separation Allowance

1. *Plan Description*

The Town of Elizabethtown 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.

Notes to the Financial Statements

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

Retirees receiving benefits	0
Active plan members	12
Total	<u>12</u>

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 are recognized when due and payable in accordance with terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 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	2.5 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.

Mortality rates are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

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 \$11,008 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 \$357,004. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of \$11,927.

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 973	\$ 72,353
Changes of assumptions	39,237	49,763
Town benefit payments and plan administrative expense made subsequent to the measurement date	-	-
Total	<u>\$ 40,210</u>	<u>\$ 122,116</u>

Notes to the Financial Statements

\$0 paid as benefits came due subsequent to the measurement date have been reported as deferred outflows of resources. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2026	\$ (15,432)
2027	(19,090)
2028	(28,784)
2029	(16,893)
2030	(1,565)
Thereafter	(142)
Total	<u>\$ (81,906)</u>

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

	<b>1% Decrease (3.28%)</b>	<b>Discount Rate (4.28%)</b>	<b>1% Increase (5.28%)</b>
Total pension liability	\$ 386,821	\$ 357,004	\$ 330,124

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

Beginning balance	\$ 349,029
Service cost	19,434
Interest on the total pension liability	13,741
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(6,141)
Changes of assumptions or other inputs	(8,041)
Benefit payments	(11,018)
Ending balance of the total pension liability	<u>\$ 357,004</u>

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 five-year period ending December 31, 2019.

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

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

Notes to the Financial Statements

	<b>LGERS</b>	<b>LEOSSA</b>	<b>Total</b>
Pension Expense	\$ 427,170	\$ 11,927	\$ 439,097
Pension Liability	1,717,390	357,004	2,074,394
Proportionate share of the net pension liability	0.02548%	N/A	
<b>Deferred of Outflows of Resources</b>			
Differences between expected and actual experience	300,952	973	301,925
Changes of assumptions	-	39,237	39,237
Net difference between projected and actual earnings on plan investments	233,478	-	233,478
Changes in proportion and differences between contributions and proportionate share of contributions	1,241	-	1,241
Benefit payments and administrative costs paid subsequent to the measurement date	357,077	-	357,077
<b>Deferred of Inflows of Resources</b>			
Differences between expected and actual experience	2,023	72,353	74,376
Changes of assumptions	-	49,763	49,763
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	161,434	-	161,434

4. Deferred Outflows and Inflows of Resources

Deferred outflow of resources reported on the Statement of Net Position is comprised of the following:

Source	Amount
Contributions to pension plan in current fiscal year	\$ 357,077
Differences between expected and actual experience	301,925
Changes of assumptions	39,237
Net difference between projected and actual	233,478
Changes in proportion and differences between employer contributions and proportionate share of contributions	1,241
<b>Total</b>	<b>\$ 932,958</b>

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)	\$ -	\$ 43,856
Prepaid taxes	6,334	6,334
Lease receivable	405,606	405,606
Differences between expected and actual experience	74,376	-
Changes in assumptions	49,763	-
Net difference between projected and actual earnings on plan investments	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	161,434	-
<b>Total</b>	<b>\$ 697,513</b>	<b>\$ 455,796</b>

5. 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 two 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 and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request. Health insurance coverage is provided to qualifying employees from private insurers.

The Town and the Airport carry 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 commercial insurance 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.

The Town of Elizabethtown's ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The ABC Board has property, general liability, auto liability, workers' compensation, and employee health coverages. The ABC Board also has liquor legal liability coverage. 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 years.

In accordance with G.S. 159-29, the Town's employees that have access to \$100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The Town has a \$850,000 fidelity bond on the finance officer, \$50,000 on the tax collector, and a blanket bond for \$10,000 on other employees.

6. Claims, Judgments, and Contingent Liabilities

At June 30, 2025, the Town was a defendant to an ongoing lawsuit. A contingent liability was established for \$90,000.

7. Long Term Obligations

Notes Payable

General Fund

Notes Payable – USDA dated July 2010 for the direct placement contract to finance the downtown street renovations. The property is pledged as collateral for the debt while the debt is outstanding. Requires 40 annual payments of \$32,845 including interest at 4.0%. Outstanding balance at year-end was \$489,637. Final payment expected in July 2050.

Notes Payable – USDA dated June 2010 for the direct placement contract to finance farmers market renovations. Requires 40 annual payments of \$23,275 including interest at 3.375%. Outstanding balance at year-end was \$408,056. Final payment expected in April 2051.

USDA agreement for the direct placement contract to finance Downtown Revitalization dated August 7, 2017 requires interest payments at 2.3750% with annual installments of \$62,833 for 40 years. Principal balance at year-end was \$1,480,995. Final payment expected in August 2058.

Mary Green dated September 12, 2019 for the direct borrowing contract to purchase land that is payable in eleven annual payments of \$20,000 and one final payment of \$9,394 due January 1, 2037. No interest is stated in note. Outstanding balance at year end was \$229,394. Final payment expected in January 2037.

Four County Electric Membership Corporation dated July 28, 2016 for the direct borrowing contract to purchase a fire truck that is payable in forty quarterly payments of \$7,500 with interest at 0%. Principal balance at year-end was \$15,000. The property is pledged as collateral for the debt while the debt is outstanding. Final payment is expected in July 2026.

Trico dated December 1, 2017 for the direct borrowing contract to purchase land that is payable in 10 annual payments of \$38,546 with interest at 1.5%. The property is pledged as collateral for the debt while the debt is outstanding. Principle balance at year-end was \$148,320. Final payment expected in December 2028.

## Notes to the Financial Statements

Four County Electric Membership Corporation \$300,000 dated December 7, 2018 for the direct borrowing contract to purchase of a fire truck that is payable in forty quarterly payments of \$7,500 with interest at 0%. Principal balance at year-end was \$112,500. The property is pledged as collateral for the debt while the debt is outstanding. Final payment is expected in December 2027.

Local Government Federal Credit Union dated November 24, 2020 for the direct borrowing contract to purchase fire equipment that is payable in five annual payments of \$33,209 with interest at 2.75%. Principal balance at year-end was \$32,333. The property is pledged as collateral for the debt while the debt is outstanding. Final payment is expected November 2025.

Notes Payable – First Bank dated November 12, 2021 for the direct borrowing contract to finance street improvements. At conclusion of the project, the required monthly payments will be \$12,345.68 plus interest at 2.15%. During construction, the town only makes monthly interest payments. First principle payment was made June 2023. Principal balance at year-end was \$1,675,496. Final payment is expected November 2036.

Note Payable - Clark Brothers, LLC dated October 2023 for the direct borrowing contract to purchase land that is payable in five annual payments of \$20,000 with interest at 0%. Principal balance at year-end was \$80,000. The property is pledged as collateral for the debt while the debt is outstanding. Final payment is expected July 2029.

### Water Fund

Notes Payable – NC Drinking Water State Revolving Fund dated August 2, 2011 for the direct borrowing contract to finance the automated meter reading project is secured with collateral of the system. Requires 15 annual payments of \$19,671 including interest at 0.0%. Outstanding balance at year-end was \$78,686. Final payment expected in May 2029.

Notes Payable – NC Clean Water Revolving Loan dated February 11, 2016 for the direct borrowing contract to finance the sanitary sewer project is secured with collateral of the system. Total loan is \$1,412,138 with a \$397,820 principal forgiveness at end of project. Requires 20 annual payments of \$49,523 including interest of 0.0%. Outstanding balance at year-end was \$544,751. Final payment expected May 2037.

Notes Payable – USDA dated May 1, 2015 for the direct placement contract to finance the fire department renovations, which then said building then later became the water department facility. Requires 30 annual payments of \$14,655 including interest at 4.0%. Outstanding balance at year-end was \$192,409. Final payment expected in May 2044.

Notes Payable – NC Department of Environmental Quality dated October 2024 for the direct borrowing contract to finance the Lead Service Line Project is secured with collateral of the system. Requires 5 annual payments of \$22,314 including interest at 0.0%. Outstanding balance at year-end was \$89,254. Final payment expected in May 2029.

c. Changes in Long-Term Liabilities

A summary of changes in long-term debt follows:

	Balance 07/01/24	Increases	Decreases	Balance 06/30/25	Current Portion
<b>Governmental activities:</b>					
Direct placement installment purchase	\$ 4,939,473	\$ 100,000	\$ 367,742	\$ 4,671,731	\$ 344,724
<b>Compensated absences</b>					
Vacation	148,928	-	1,395	147,533	37,000
Sick	22,338	2,334	-	24,672	6,000
Total pension liability (LEO)	349,029	7,975	-	357,004	-
Net pension liability (LGERS)	1,732,992	-	221,689	1,511,303	-
Governmental activity long-term liabilities	<u>\$ 7,192,760</u>	<u>\$ 110,309</u>	<u>\$ 590,826</u>	<u>\$ 6,712,243</u>	<u>\$ 387,724</u>
<b>Business-type activities:</b>					
Direct borrowing note payable	\$ 891,731	\$ 111,568	\$ 98,199	\$ 905,100	\$ 98,467
<b>Compensated absences</b>					
Vacation	59,858	-	5,666	54,192	14,000
Sick	6,968	700	-	7,668	2,000
Net pension liability (LGERS)	236,317	-	30,230	206,087	-
Business-type activity long-term liabilities	<u>\$ 1,194,874</u>	<u>\$ 112,268</u>	<u>\$ 134,095</u>	<u>\$ 1,173,047</u>	<u>\$ 114,467</u>

**C. Interfund Balances and Activities**

Transfer activity:

Fund:	To	From
General	\$ 31,585	\$ -
Elizabethtown Fire and Rescue Building	-	31,402
Airport Master Plan Update	-	183
	<u>\$ 31,585</u>	<u>\$ 31,585</u>

Transfers were used to cover operating expenditures.

**D. Fund Balance**

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

<b>Total fund balance - General Fund</b>	<b>\$ 3,811,017</b>
<b>Less:</b>	
<b>Non-spendables</b>	12,247
<b>Stabilization by State Statute</b>	2,130,187
<b>Streets - Powell Bill</b>	798,076
<b>Debt Reserve</b>	95,117
<b>Remaining Fund Balance</b>	<b>\$ 775,390</b>

**IV. 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 cost may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys to the grantor agencies. Management believes that any required refunds will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant moneys.

**V. Related Organization**

Town of Elizabethtown Housing Authority

The Town of Elizabethtown Housing Authority operates within the Town's geographical boundaries, exists for the benefit of its residents, and is managed by a town appointed governing board. However, the Town does not approve the Authority's budget and does not select its management. Also, the Town does not finance any of the Authority's deficits and is not entitled to any surpluses.

Claims, Judgements and Contingent Liabilities

At June 30, 2025, the Town was a defendant to an ongoing lawsuit. In the opinion of the Town's management and the Town attorney, the ultimate effect of these legal matter will not have a material adverse effect on the Town's financial position.

**VI. Subsequent Events**

Management has evaluated subsequent events through November 4, 2024, the date on which the financial statements were available to be issued.

The Town settled a legal matter with a payment of \$90,000 on September 17th.

**VII. Change in Accounting Principle**

The Town implemented Government Accounting Standards Board (GASB) Statement No. 101, Compensated Absences, July 1, 2024. The objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. As a result, the Town recognized an additional \$29,306 in compensated absences for sick leave as of June 30, 2024, resulting in a decrease in beginning net position of the same amount.

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

**Local Government Employees' Retirement System**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Town's proportion of the net pension liability (asset) (%)	0.02548%	0.02973%	0.03191%	0.03562%	0.03749%	0.03854%	0.04037%	0.03978%	0.03601%	0.03686%
Town's proportion of the net pension liability (asset) (\$)	\$ 1,717,390	\$ 1,969,309	\$ 1,800,180	\$ 546,267	\$ 1,339,677	\$ 1,052,497	\$ 957,714	\$ 607,728	\$ 764,253	\$ 165,426
Town's covered-employee payroll	\$ 2,505,994	\$ 2,499,343	\$ 2,470,125	\$ 2,335,908	\$ 2,414,090	\$ 2,313,787	\$ 2,250,952	\$ 2,143,763	\$ 1,926,785	\$ 1,908,817
Town's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	68.53%	78.79%	72.88%	23.39%	55.49%	45.49%	42.55%	28.35%	39.66%	8.67%
Plan fiduciary net position as a percentage of the total pension liability**	83.30%	82.49%	84.14%	95.51%	88.61%	90.86%	91.63%	94.18%	91.47%	98.09%

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

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

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

**Local Government Employees' Retirement System**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contribution	\$ 357,077	\$ 331,753	\$ 309,946	\$ 287,242	\$ 243,647	\$ 223,023	\$ 186,685	\$ 174,717	\$ 162,559	\$ 133,015
Contributions in relation to the contractually required contribution	357,077	331,753	309,946	287,242	243,647	223,023	186,685	174,717	162,559	133,015
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town's covered-employee payroll	\$ 2,540,044	\$ 2,505,994	\$ 2,499,343	\$ 2,470,125	\$ 2,335,908	\$ 2,414,090	\$ 2,313,787	\$ 2,250,952	\$ 2,143,763	\$ 1,926,785
Contributions as a percentage of covered-employee payroll	14.06%	13.24%	12.40%	11.63%	10.43%	9.24%	8.07%	7.76%	7.58%	6.90%

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

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Beginning balance	\$ 349,029	\$ 302,342	\$ 428,289	\$ 442,519	\$ 336,078	\$ 318,831	\$ 357,953	\$ 404,397
Service Cost	19,434	22,567	30,856	36,859	25,291	24,097	23,156	17,848
Interest on the total pension liability	13,741	13,031	9,637	8,286	10,509	11,125	10,894	15,100
Changes of benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(6,141)	1,409	(99,418)	(17,466)	(18,430)	(4,795)	(31,155)	(76,250)
Changes of assumptions or other inputs	(8,041)	9,680	(67,022)	(15,507)	116,488	13,222	(15,615)	23,260
Benefit payments	(11,018)	-	-	(26,402)	(27,417)	(26,402)	(26,402)	(26,402)
Other changes	-	-	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 357,004</u>	<u>\$ 349,029</u>	<u>\$ 302,342</u>	<u>\$ 428,289</u>	<u>\$ 442,519</u>	<u>\$ 336,078</u>	<u>\$ 318,831</u>	<u>\$ 357,953</u>

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

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

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Total pension liability	\$ 357,004	\$ 349,029	\$ 302,342	\$ 428,289	\$ 442,519	\$ 336,078	\$ 318,831	\$ 357,953
Covered payroll	675,593	767,519	755,239	813,863	786,165	811,993	734,951	671,965
Total pension liability as a percentage of covered payroll	52.84%	45.47%	40.03%	52.62%	56.29%	41.39%	43.38%	53.27%

Notes to the schedules:

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

Town of Elizabethtown, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Tax Collections		\$ 2,359,711	
Penalties and interest		21,379	
Total	<u>\$ 2,367,965</u>	<u>2,381,090</u>	<u>\$ 13,125</u>
Other taxes and licenses:			
Franchise Tax - Cable			
Motor Vehicle License		15,475	
Total	<u>14,000</u>	<u>15,475</u>	<u>1,475</u>
Unrestricted intergovernmental:			
Local option sales taxes		912,094	
Beer and Wine Tax		12,974	
Utility Sales Tax		301,150	
Telecommunications Tax		16,850	
Video Programming Distribution		19,256	
Gas Tax Refund		16,714	
Payments in Lieu of Taxes		1,881	
ABC Store Profit Distribution		105,000	
Total	<u>1,341,000</u>	<u>1,385,919</u>	<u>44,919</u>
Restricted intergovernmental:			
Powell Bill Allocation		135,006	
ABC Law Enforcement		14,270	
Solid Waste Disposal		2,504	
Seizure Funds		119	
Grants		211,485	
Total	<u>363,163</u>	<u>363,384</u>	<u>221</u>
Permits and fees:			
Fire Code Fees		8,115	
Business Registration Fees		3,100	
Beer Licenses		365	
Recreation Fees		175	
Zoning Permits and Fines		31,735	
Total	<u>43,820</u>	<u>43,490</u>	<u>(330)</u>
Sales and services:			
Bladen Fire District		258,611	
Police Fines and Fees		7,858	
Rent of Buildings		10,200	
Garbage Collection Fees		1,363,301	
Donations and Festivals		136,850	
Total Sales and Services	<u>1,758,892</u>	<u>1,776,820</u>	<u>17,928</u>

Town of Elizabethtown, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
<b>Investment earnings:</b>			
Powell Bill		34,055	
Regular		180,309	
Total Other Revenues	180,000	214,364	34,364
<b>Other Revenues:</b>			
Surplus Property & Insurance Proceeds		13,813	
Miscellaneous		49,771	
Total Other Revenues	81,725	63,584	(18,141)
<b>Total Revenues</b>	<b>6,150,565</b>	<b>6,244,126</b>	<b>93,561</b>
<b>Expenditures:</b>			
<b>General government:</b>			
Governing body:			
Salaries and employee benefits		23,807	
Other operating expenditures		12,569	
Capital outlay		-	
Total	44,648	36,376	8,272
Administration:			
Salaries and employee benefits		350,338	
Other operating expenditures		312,962	
Capital outlay		5,672	
Total	548,071	668,972	(120,901)
Finance:			
Salaries and employee benefits		185,042	
Other operating expenditures		69,895	
Capital outlay		-	
Total	239,150	254,937	(15,787)
Technology:			
Other operating expenditures		90,175	
Total	93,169	90,175	2,994
Planning:			
Salaries and employee benefits		127,937	
Other operating expenditures		19,481	
Capital outlay		-	
Total	152,046	147,418	4,628

Town of Elizabethtown, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
<b>Public Services:</b>			
Salaries and employee benefits		451,171	
Other operating expenditures		248,904	
Capital outlay		-	
Total	<u>695,618</u>	<u>700,075</u>	<u>(4,457)</u>
<b>Public Facilities:</b>			
Other operating expenditures		288,114	
Capital outlay		-	
Total	<u>289,413</u>	<u>288,114</u>	<u>1,299</u>
Total General Government	<u>2,062,115</u>	<u>2,186,067</u>	<u>(123,952)</u>
<b>Economic Development:</b>			
Elizabethtown Airport/Econ Development Commission		134,999	
Total Economic Development	<u>110,000</u>	<u>134,999</u>	<u>(24,999)</u>
<b>Public safety:</b>			
<b>Police:</b>			
Salaries and employee benefits		1,145,559	
Other operating expenditures		172,549	
Capital outlay		-	
Total	<u>1,331,124</u>	<u>1,318,108</u>	<u>13,016</u>
<b>Fire:</b>			
Salaries and employee benefits		628,705	
Other operating expenditures		185,170	
Capital outlay		-	
Total	<u>802,934</u>	<u>813,875</u>	<u>(10,941)</u>
Total Public Safety	<u>2,134,058</u>	<u>2,131,983</u>	<u>2,075</u>
<b>Transportation:</b>			
<b>Streets and highways:</b>			
Salaries and employee benefits			
Other operating expenditures		12,890	
Capital outlay		316,303	
Total	<u>454,245</u>	<u>329,193</u>	<u>125,052</u>

Town of Elizabethtown, North Carolina  
**General Fund**  
**Schedule of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
For the Fiscal Year Ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
<b>Airport:</b>			
Other operating expenditures		50,428	
Capital outlay		-	
<b>Total</b>	<u>56,920</u>	<u>50,428</u>	<u>6,492</u>
<b>Total Transportation</b>	<u>511,165</u>	<u>379,621</u>	<u>131,544</u>
<b>Environmental protection:</b>			
Disposal Cost		594,576	
<b>Total Environmental Protection</b>	<u>768,000</u>	<u>594,576</u>	<u>173,424</u>
<b>Culture and recreation:</b>			
Recreation Department		24,924	
Planning and economic development		418	
<b>Total Recreation Department</b>	<u>45,043</u>	<u>25,342</u>	<u>19,701</u>
<b>Donations:</b>			
County Library Donation		1,000	
Chamber of Commerce		-	
Dixie Youth Baseball		2,000	
Other donations		(10,763)	
<b>Total Donations</b>	<u>222,160</u>	<u>(7,763)</u>	<u>229,923</u>
<b>Total Culture and Recreation</b>	<u>267,203</u>	<u>17,579</u>	<u>249,624</u>
<b>Debt service:</b>			
Principal retirement		367,742	
Interest and fees		62,254	
<b>Total Debt Service</b>	<u>457,873</u>	<u>429,996</u>	<u>27,877</u>
<b>Total Expenditures</b>	<u>6,310,414</u>	<u>5,874,821</u>	<u>435,593</u>
Revenues over (under) expenditures	<u>(159,849)</u>	<u>369,305</u>	<u>529,154</u>
<b>Other Financing Sources (Uses):</b>			
Transfers (to)/from Other Funds:	(31,402)	(31,585)	(183)
Fund Balance Appropriated	191,251	-	(191,251)
<b>Total Other Financing Sources(Uses)</b>	<u>159,849</u>	<u>(31,585)</u>	<u>(191,434)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>337,720</u>	<u>\$ 337,720</u>
Fund Balance, Beginning		<u>3,473,297</u>	
Fund Balance, Ending		<u>\$ 3,811,017</u>	

Town of Elizabethtown, North Carolina  
**Airport Runway & Apron Rehab Capital Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	Project Authorization	Priors Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental					
Grant Revenue	\$ 6,715,002	\$ 5,117,629	\$ 1,159,924	\$ 6,277,553	\$ (437,449)
Total Restricted Intergovernmental	<u>6,715,002</u>	<u>5,117,629</u>	<u>1,159,924</u>	<u>6,277,553</u>	<u>(437,449)</u>
Donation	550,000	200,000	-	200,000	(350,000)
Total Revenue	<u>7,265,002</u>	<u>5,317,629</u>	<u>1,159,924</u>	<u>6,477,553</u>	<u>(787,449)</u>
Expenditures					
Economic Development					
Capital Outlay	7,424,084	5,811,750	1,070,062	6,881,812	
Total	<u>7,424,084</u>	<u>5,811,750</u>	<u>1,070,062</u>	<u>6,881,812</u>	<u>542,272</u>
Revenues over Expenditures	<u>(159,082)</u>	<u>(494,121)</u>	<u>89,862</u>	<u>(404,259)</u>	<u>(245,177)</u>
Other Financing Sources (Uses):					
From General Fund	159,082	373,106	-	373,106	214,024
From Airfield Design Build Cap Project		19,446	-	19,446	19,446
From CDBG Client Repayment Fund	-	8,561	-	8,561	8,561
Total	<u>159,082</u>	<u>401,113</u>	<u>-</u>	<u>401,113</u>	<u>242,031</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (93,008)</u>	<u>89,862</u>	<u>\$ (3,146)</u>	<u>\$ (3,146)</u>
Fund Balance, Beginning			<u>(93,008)</u>		
Fund Balance, Ending			<u>\$ (3,146)</u>		

Town of Elizabethtown, North Carolina  
**CDBG Vulcanair Aircraft Manufacturing Facility Capital Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	Project Authorization	Priors Years	Actual Current Year	Total To Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted Intergovernmental					
Grant Revenue	\$ -	\$ -	\$ 1,325,267	\$ 1,325,267	\$ 1,325,267
Total Restricted Intergovernmental	<u>-</u>	<u>-</u>	<u>1,325,267</u>	<u>1,325,267</u>	<u>1,325,267</u>
Donation	-	-	-	-	-
Total Revenue	<u>-</u>	<u>-</u>	<u>1,325,267</u>	<u>1,325,267</u>	<u>1,325,267</u>
<b>Expenditures</b>					
Economic Development					
Capital Outlay	-	-	1,325,267	1,325,267	
Total	<u>-</u>	<u>-</u>	<u>1,325,267</u>	<u>1,325,267</u>	<u>(1,325,267)</u>
Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Transfers from (to) other funds	-	-	-	-	-
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, Beginning			-		
Fund Balance, Ending			<u>\$ -</u>		

Town of Elizabethtown, North Carolina  
**Corporate Airpark Capital Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Priors Years</u>	<u>Actual Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>					
Restricted Intergovernmental					
Grant Revenue	\$ 2,500,000	\$ 237,431	\$ 4,228,619	\$4,466,050	\$ 1,966,050
Total Restricted Intergovernmental	<u>2,500,000</u>	<u>237,431</u>	<u>4,228,619</u>	<u>4,466,050</u>	<u>1,966,050</u>
Donation		47,457	-	47,457	47,457
Total Revenue	<u>2,500,000</u>	<u>284,888</u>	<u>4,228,619</u>	<u>4,513,507</u>	<u>2,013,507</u>
<b>Expenditures</b>					
Economic Development					
Capital Outlay	2,500,000	284,888	4,228,619	4,513,507	(2,013,507)
Total	<u>2,500,000</u>	<u>284,888</u>	<u>4,228,619</u>	<u>4,513,507</u>	<u>(2,013,507)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	-	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, Beginning			-		
Fund Balance, Ending			<u>\$ -</u>		

Town of Elizabethtown, North Carolina  
**CDBG Community Center Capital Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Priors Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted Intergovernmental					
CDBG Grant Funds	\$ 2,575,000	\$ 74,275	\$ 1,154,898	\$ 1,229,173	\$(1,345,827)
Total Restricted Intergovernmental	<u>2,575,000</u>	<u>74,275</u>	<u>1,154,898</u>	<u>1,229,173</u>	<u>(1,345,827)</u>
Expenditures					
Cultural and Recreational					
Capital Outlay		57,895	1,154,898	1,212,793	
Total	<u>2,575,000</u>	<u>57,895</u>	<u>1,154,898</u>	<u>1,212,793</u>	<u>1,362,207</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 16,380</u>	-	<u>\$ 16,380</u>	<u>\$ 16,380</u>
Fund Balance, Beginning			16,380		
Fund Balance, Ending			<u>\$ 16,380</u>		

Town of Elizabethtown, North Carolina  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
For Fiscal Year Ended June 30, 2025

	Hangar Project Capital Project	Airport Hangars Capital Project	Elizabethtown Cemetery Capital Project	Elizabethtown Fire and Rescue Capital Project	Airport Master Plan Update Capital Project	Multi-Unit Hangar Capital Project	CDBG Neighborhood Revitalization Grant Capital Project	Golden Leaf Stormwater Grant Capital Project	Golden Leaf Live, Work, Play Grant Capital Project	Golden Leaf Live, Work, Play Housing Grant Capital Project	Safe Streets for All Grant Capital Project	CDBG Ace Wrecker Site Capital Project	Governmental Funds
<b>Assets</b>													
Cash and Investments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted Cash	-	1,862,005	-	-	-	-	106	-	9,639	-	-	-	1,871,750
Due From Other Governments	25,449	-	485,938	-	183	15,471	-	-	-	130,859	27,527	-	685,427
<b>Total Assets</b>	<u>\$ 25,449</u>	<u>\$ 1,862,005</u>	<u>\$ 485,938</u>	<u>\$ -</u>	<u>\$ 183</u>	<u>\$ 15,471</u>	<u>\$ 106</u>	<u>\$ -</u>	<u>\$ 9,639</u>	<u>\$ 130,859</u>	<u>\$ 27,527</u>	<u>\$ -</u>	<u>\$ 2,557,177</u>
<b>Liabilities and Fund Balances</b>													
<b>Liabilities</b>													
Accounts Payable	\$ 6,705	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,705
Due to Other Funds	18,744	-	485,938	188,402	183	15,471	-	-	-	132,398	27,527	-	868,663
<b>Total Liabilities</b>	<u>25,449</u>	<u>-</u>	<u>485,938</u>	<u>188,402</u>	<u>183</u>	<u>15,471</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>132,398</u>	<u>27,527</u>	<u>-</u>	<u>875,368</u>
<b>Fund Balances</b>													
Restricted													
Stabilization by State Statute	25,449	-	485,938	-	183	15,471	-	-	-	130,859	27,527	-	685,427
Economic Development	-	1,862,005	-	-	-	-	106	-	9,639	-	-	-	1,871,750
Unassigned	(25,449)	-	(485,938)	(188,402)	(183)	(15,471)	-	-	-	(132,398)	(27,527)	-	(875,368)
<b>Total Fund Balances</b>	<u>-</u>	<u>1,862,005</u>	<u>-</u>	<u>(188,402)</u>	<u>-</u>	<u>-</u>	<u>106</u>	<u>-</u>	<u>9,639</u>	<u>(1,539)</u>	<u>-</u>	<u>-</u>	<u>1,681,809</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 25,449</u>	<u>\$ 1,862,005</u>	<u>\$ 485,938</u>	<u>\$ -</u>	<u>\$ 183</u>	<u>\$ 15,471</u>	<u>\$ 106</u>	<u>\$ -</u>	<u>\$ 9,639</u>	<u>\$ 130,859</u>	<u>\$ 27,527</u>	<u>\$ -</u>	<u>\$ 2,557,177</u>

Town of Elizabethtown, North Carolina  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
For Fiscal Year Ended June 30, 2025

	Hangar Project Capital Project	Airport Hangars Capital Project	Elizabethtown Cemetery Capital Project	Elizabethtown Fire and Rescue Building Capital Project	Airport Master Plan Capital Project	Multi-Unit Hangar Capital Project	CDBG Neighborhood Revitalization Grant Capital Project	Golden Leaf Stormwater Grant Capital Project	Golden Leaf Live, Work, Play Grant Capital Project	Golden Leaf Live, Work, Play Housing Grant Capital Project	Safe Streets for All Grant Capital Project	CDBG Ace Wrecker Site Capital Project	Total Nonmajor Governmental Funds
<b>Revenues:</b>													
Restricted Intergovernmental Grant	\$ 25,449	\$ -	\$ -	\$ -	\$ -	\$ 120,209	\$ 378,985	\$ -	\$ 64,792	\$ 11,459	\$ 275,271	\$ -	\$ 876,165
Miscellaneous	-	-	-	-	-	15,471	-	-	-	-	818	-	16,289
Investment Earnings	-	86,543	-	-	-	-	-	-	-	-	-	-	86,543
<b>Total</b>	<b>25,449</b>	<b>86,543</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>135,680</b>	<b>378,985</b>	<b>-</b>	<b>64,792</b>	<b>11,459</b>	<b>276,089</b>	<b>-</b>	<b>978,997</b>
<b>Expenditures</b>													
General Government	-	-	-	-	-	-	-	-	64,792	-	-	-	64,792
Public Safety	-	-	-	-	-	-	-	-	-	-	344,089	-	344,089
Transportation	-	-	-	-	-	-	-	-	-	-	-	-	-
Economic Development	25,449	90,078	-	-	83	135,680	-	-	-	11,459	-	100,000	362,749
Cultural and Recreation	-	-	-	-	-	-	388,879	-	-	-	-	-	388,879
<b>Total</b>	<b>25,449</b>	<b>90,078</b>	<b>-</b>	<b>-</b>	<b>83</b>	<b>135,680</b>	<b>388,879</b>	<b>-</b>	<b>64,792</b>	<b>11,459</b>	<b>344,089</b>	<b>100,000</b>	<b>1,160,509</b>
Revenues over Expenditures	-	(3,535)	-	-	(83)	-	(9,894)	-	-	-	(68,000)	(100,000)	(181,512)
<b>Other Financing Sources (Uses):</b>													
Transfers from (to) other funds	-	-	-	31,402	183	-	-	-	-	-	-	-	31,585
Loan Proceeds	-	-	-	-	-	-	-	-	-	-	-	100,000	100,000
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>31,402</b>	<b>183</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>100,000</b>	<b>131,585</b>
Net Change in Fund Balance	-	(3,535)	-	31,402	100	-	(9,894)	-	-	-	(68,000)	-	(49,927)
Fund Balance, Beginning	-	1,865,540	-	(219,804)	(100)	-	10,000	-	9,639	(1,539)	68,000	-	1,731,736
Fund Balance, Ending	\$ -	\$ 1,862,005	\$ -	\$ (188,402)	\$ -	\$ -	\$ 106	\$ -	\$ 9,639	\$ (1,539)	\$ -	\$ -	\$ 1,681,809

Town of Elizabethtown, North Carolina  
**Airport Hangers Capital Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	Project Authorization	Priors Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental					
Grant Revenue		\$ -	\$ 25,449	\$ 25,449	
Interest Income		-	-	-	
Total Restricted Intergovernmental	\$ -	-	25,449	25,449	\$ 25,449
Donation	-	-	-	-	-
Total	-	-	25,449	25,449	25,449
Expenditures					
Economic Development					
Capital Outlay		-	25,449	25,449	
Total	-	-	25,449	25,449	(25,449)
Net Change in Fund Balance	\$ -	\$ -	-	\$ -	\$ -
Fund Balance, Beginning			-		
Fund Balance, Ending			\$ -		

Town of Elizabethtown, North Carolina  
**Airport Hangers Capital Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	Project Authorization	Priors Years	Actual Current Year	Total To Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted Intergovernmental					
Grant Revenue		\$ 2,500,000	\$ -	\$ 2,500,000	
Interest Income		29,071	86,543	115,614	
Total Restricted Intergovernmental	<u>\$ 2,500,000</u>	<u>2,529,071</u>	<u>86,543</u>	<u>2,615,614</u>	<u>\$ 115,614</u>
Donation	-	-	-	-	-
Total	<u>2,500,000</u>	<u>2,529,071</u>	<u>86,543</u>	<u>2,615,614</u>	<u>115,614</u>
<b>Expenditures</b>					
Economic Development					
Operating Expenses		-	-	-	
Capital Outlay		663,531	90,078	753,609	
Total	<u>2,500,000</u>	<u>663,531</u>	<u>90,078</u>	<u>753,609</u>	<u>1,746,391</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 1,865,540</u>	<u>(3,535)</u>	<u>\$ 1,862,005</u>	<u>\$ 1,862,005</u>
Fund Balance, Beginning			1,865,540		
Fund Balance, Ending			<u>\$ 1,862,005</u>		

Town of Elizabethtown, North Carolina  
**Elizabethtown Cemetery Capital Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	Project Authorization	Priors Years	Actual Current Year	Total To Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted Intergovernmental					
FEMA Reimbursement	\$ 5,235,650	\$ 4,413,058	\$ -	\$ 4,413,058	\$ (822,592)
Total Restricted Intergovernmental	<u>5,235,650</u>	<u>4,413,058</u>	<u>-</u>	<u>4,413,058</u>	<u>(822,592)</u>
Donation			-	-	-
Total Revenue	<u>5,235,650</u>	<u>4,413,058</u>	<u>-</u>	<u>4,413,058</u>	<u>(822,592)</u>
<b>Expenditures</b>					
Cultural and Recreation					
Cemetery Repairs	5,235,650	4,413,058	-	4,413,058	822,592
Debt Service					
Principal retirement		500,386	-	500,386	
Interest and fees		-	-	-	
Total Debt Service	<u>500,386</u>	<u>500,386</u>	<u>-</u>	<u>500,386</u>	<u>-</u>
Total	<u>5,736,036</u>	<u>4,913,444</u>	<u>-</u>	<u>4,913,444</u>	<u>822,592</u>
Revenues over Expenditures	<u>(500,386)</u>	<u>(500,386)</u>	<u>-</u>	<u>(500,386)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Bridge Loan Proceeds	-	500,386	-	500,386	500,386
Fund Balance Appropriated	500,386	-	-	-	(500,386)
Total	<u>500,386</u>	<u>500,386</u>	<u>-</u>	<u>500,386</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, Beginning			-		
Fund Balance, Ending			<u>\$ -</u>		

Town of Elizabethtown, North Carolina  
**Elizabethtown Fire and Rescue Building Capital Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	Project Authorization	Priors Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental					
Golden Leaf	\$ 2,458,708	\$ 2,458,708	\$ -	\$ 2,458,708	\$ -
Total Restricted Intergovernmental	<u>2,458,708</u>	<u>2,458,708</u>	<u>-</u>	<u>2,458,708</u>	<u>-</u>
Donation	100,000	100,000	-	100,000	-
Total Revenue	<u>2,558,708</u>	<u>2,558,708</u>	<u>-</u>	<u>2,558,708</u>	<u>-</u>
Expenditures					
Public Safety					
Capital Outlay	3,300,235	3,300,233	-	3,300,233	2
Total	<u>3,300,235</u>	<u>3,300,233</u>	<u>-</u>	<u>3,300,233</u>	<u>2</u>
Revenues over Expenditures	<u>(741,527)</u>	<u>(741,525)</u>	<u>-</u>	<u>(741,525)</u>	<u>2</u>
Other Financing Sources (Uses):					
Proceeds from Seller Financing	350,000	350,000	-	350,000	-
Transfers	391,527	171,721	31,402	203,123	(188,404)
Total	<u>741,527</u>	<u>521,721</u>	<u>31,402</u>	<u>553,123</u>	<u>(188,404)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (219,804)</u>	31,402	<u>\$ (188,402)</u>	<u>\$ (188,402)</u>
Fund Balance, Beginning			(219,804)		
Fund Balance, Ending			<u>\$ (188,402)</u>		

Town of Elizabethtown, North Carolina  
**Airport Master Plan Update Capital Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Priors Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted Intergovernmental					
Grant Revenue		\$ 297,730	\$ -	\$ 297,730	
Total Restricted Intergovernmental	<u>\$ 964,999</u>	<u>297,730</u>	<u>-</u>	<u>297,730</u>	<u>\$ (667,269)</u>
Expenditures					
Economic Development					
Operating Expenses		330,819	83	330,902	
Capital Outlay		-	-	-	
Total	<u>1,072,222</u>	<u>330,819</u>	<u>83</u>	<u>330,902</u>	<u>741,320</u>
Revenues over Expenditures	<u>(107,223)</u>	<u>(33,089)</u>	<u>(83)</u>	<u>(33,172)</u>	<u>74,051</u>
Other Financing Sources (Uses):					
Transfer From General Fund	107,223	32,989	183	33,172	(74,051)
Transfer To Runway/Apron Rehab	-	-	-	-	-
Total	<u>107,223</u>	<u>32,989</u>	<u>183</u>	<u>33,172</u>	<u>(74,051)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (100)</u>	100	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, Beginning			<u>(100)</u>		
Fund Balance, Ending			<u>\$ -</u>		

Town of Elizabethtown, North Carolina  
**Multi-Unit Hangar Capital Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Priors Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted Intergovernmental					
Grant Revenue		\$ -	\$ 120,209	\$ 120,209	
Total Restricted Intergovernmental	<u>\$ 1,628,267</u>	<u>-</u>	<u>120,209</u>	<u>120,209</u>	<u>\$(1,508,058)</u>
Donation	<u>88,686</u>		<u>15,471</u>	<u>15,471</u>	<u>(73,215)</u>
Total Revenue	<u>1,716,953</u>	<u>-</u>	<u>135,680</u>	<u>135,680</u>	<u>(1,581,273)</u>
Expenditures					
Economic Development					
Capital Outlay		-	135,680	135,680	
Total	<u>1,716,953</u>	<u>-</u>	<u>135,680</u>	<u>135,680</u>	<u>1,581,273</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance, Beginning			-		
Fund Balance, Ending			<u>\$ -</u>		

Town of Elizabethtown, North Carolina  
**CDBG Neighborhood Revitalization Grant Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	Project Authorization	Priors Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental					
CDBG Grant Funds	\$ 950,000	\$ 559,781	\$ 378,985	\$ 938,766	\$ (11,234)
Total Restricted Intergovernmental	<u>950,000</u>	<u>559,781</u>	<u>378,985</u>	<u>938,766</u>	<u>(11,234)</u>
Donation	10,000	10,000	-	10,000	-
Total Income	<u>960,000</u>	<u>569,781</u>	<u>378,985</u>	<u>948,766</u>	<u>(11,234)</u>
Expenditures:					
Cultural and Recreation					
Capital Outlay		137,127	196,391	333,518	
Grant Expenditures		425,982	192,488	618,470	
Total	<u>963,328</u>	<u>563,109</u>	<u>388,879</u>	<u>951,988</u>	<u>11,340</u>
Total Expenditures	<u>963,328</u>	<u>563,109</u>	<u>388,879</u>	<u>951,988</u>	<u>11,340</u>
Revenues over (under) expenditures	<u>(3,328)</u>	<u>6,672</u>	<u>(9,894)</u>	<u>(3,222)</u>	<u>106</u>
Other Financing Sources (Uses):					
From General Fund	3,328	3,328	-	3,328	-
Total	<u>3,328</u>	<u>3,328</u>	<u>-</u>	<u>3,328</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 10,000</u>	<u>(9,894)</u>	<u>\$ 106</u>	<u>\$ 106</u>
Fund Balances:					
Beginning of year, July 1			<u>10,000</u>		
End of year, June 30			<u>\$ 106</u>		

Town of Elizabethtown, North Carolina  
**Golden Leaf Stormwater Grant Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Priors Years</u>	<u>Current Year</u>	<u>Total To Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Restricted Intergovernmental					
Grant - Golden Leaf	<u>\$ 132,000</u>	<u>\$ 132,000</u>	<u>\$ -</u>	<u>\$ 132,000</u>	<u>\$ -</u>
Total Restricted Intergovernmental	<u>132,000</u>	<u>132,000</u>	<u>-</u>	<u>132,000</u>	<u>-</u>
Expenditures					
Transportation					
Operating Expenses	<u>132,000</u>	<u>132,000</u>	<u>-</u>	<u>132,000</u>	<u>-</u>
Total	<u>132,000</u>	<u>132,000</u>	<u>-</u>	<u>132,000</u>	<u>-</u>
Net Change in Fund Balance	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>-</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>
Fund Balance, Beginning			<u>-</u>		
Fund Balance, Ending			<u><u>\$ -</u></u>		

Town of Elizabethtown, North Carolina  
**Golden Leaf Live, Work, Play Grant Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	Project Authorization	Priors Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental					
Grant	\$ 1,055,500	\$ -	\$ 64,792	\$ 64,792	\$ (990,708)
Total Restricted Intergovernmental	<u>1,055,500</u>	<u>-</u>	<u>64,792</u>	<u>64,792</u>	<u>(990,708)</u>
Other Income					
Donation	20,000	23,838	-	23,838	3,838
Total Other Income	<u>20,000</u>	<u>23,838</u>	<u>-</u>	<u>23,838</u>	<u>3,838</u>
Total Income	<u>1,075,500</u>	<u>23,838</u>	<u>64,792</u>	<u>88,630</u>	<u>(986,870)</u>
Expenditures:					
General Government					
Project Expenditures	1,075,500	14,199	64,792	78,991	
Total	<u>1,075,500</u>	<u>14,199</u>	<u>64,792</u>	<u>78,991</u>	<u>996,509</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 9,639</u>	<u>-</u>	<u>\$ 9,639</u>	<u>\$ 9,639</u>
Fund Balances:					
Fund Balance, Beginning			9,639		
Fund Balance, Ending			<u>\$ 9,639</u>		

Town of Elizabethtown, North Carolina  
**Golden Leaf Live, Work, Play Housing Grant Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	Project Authorization	Priors Years	Actual Current Year	Total To Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted Intergovernmental					
Grant	\$ 14,775,000	\$ 119,400	\$ 11,459	\$ 130,859	\$ (14,644,141)
Total Restricted Intergovernmental	<u>14,775,000</u>	<u>119,400</u>	<u>11,459</u>	<u>130,859</u>	<u>(14,644,141)</u>
Other Income					
Donation	80,000	80,000	-	80,000	-
Total Other Income	<u>80,000</u>	<u>80,000</u>	<u>-</u>	<u>80,000</u>	<u>-</u>
Total Income	<u>14,855,000</u>	<u>199,400</u>	<u>11,459</u>	<u>210,859</u>	<u>(14,644,141)</u>
<b>Expenditures:</b>					
General Government					
Project Expenditures	14,855,000	200,939	11,459	212,398	
Total	<u>14,855,000</u>	<u>200,939</u>	<u>11,459</u>	<u>212,398</u>	<u>14,642,602</u>
Revenues over (under) expenditures	<u>-</u>	<u>(1,539)</u>	<u>-</u>	<u>(1,539)</u>	<u>(1,539)</u>
<b>Other Financing Sources (Uses):</b>					
Transfer (to)/from other funds					
Total	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (1,539)</u>	<u>-</u>	<u>\$ (1,539)</u>	<u>\$ (1,539)</u>
<b>Fund Balances:</b>					
Fund Balance, Beginning			<u>(1,539)</u>		
Fund Balance, Ending			<u>\$ (1,539)</u>		

Town of Elizabethtown, North Carolina  
**Safe Streets for All Grant Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	Project Authorization	Priors Years	Actual Current Year	Total To Date	Variance Positive (Negative)
Revenues:					
Restricted Intergovernmental					
Grant	\$ 272,272	\$ -	\$ 275,271	\$ 275,271	\$ 2,999
Total Restricted Intergovernmental	<u>272,272</u>	<u>-</u>	<u>275,271</u>	<u>275,271</u>	<u>2,999</u>
Other Income					
Donation	68,818	68,000	818	68,818	-
Total Other Income	<u>68,818</u>	<u>68,000</u>	<u>818</u>	<u>68,818</u>	<u>-</u>
Total Income	<u>341,090</u>	<u>68,000</u>	<u>276,089</u>	<u>344,089</u>	<u>2,999</u>
Expenditures:					
Public Safety					
Project Expenditures	341,090	-	344,089	344,089	
Total	<u>341,090</u>	<u>-</u>	<u>344,089</u>	<u>344,089</u>	<u>(2,999)</u>
Revenues over (under) expenditures	<u>-</u>	<u>68,000</u>	<u>(68,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 68,000</u>	<u>(68,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balances:					
Fund Balance, Beginning			68,000		
Fund Balance, Ending			<u>\$ -</u>		

Town of Elizabethtown, North Carolina  
**CDBG Ace Wrecker Site Capital Project**  
**Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	Project Authorization	Priors Years	Actual Current Year	Total To Date	Variance Positive (Negative)
<b>Revenues:</b>					
Restricted Intergovernmental					
Grant	\$ 150,000	\$ 150,000	\$ -	\$ 150,000	\$ -
Total Restricted Intergovernmental	<u>150,000</u>	<u>150,000</u>	<u>-</u>	<u>150,000</u>	<u>-</u>
<b>Expenditures:</b>					
Economic Development					
Operating expenses		233	-	233	
Capital outlay		152,036	100,000	252,036	
Total	<u>252,269</u>	<u>152,269</u>	<u>100,000</u>	<u>252,269</u>	<u>-</u>
Revenues over (under) expenditures	<u>(102,269)</u>	<u>(2,269)</u>	<u>(100,000)</u>	<u>(102,269)</u>	<u>-</u>
<b>Other Financing Sources (Uses):</b>					
Transfer (to)/from other funds	2,269	2,269	-	2,269	
Debt proceeds	100,000	-	100,000	100,000	
Total	<u>102,269</u>	<u>2,269</u>	<u>100,000</u>	<u>102,269</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances:</b>					
Fund Balance, Beginning			<u>-</u>		
Fund Balance, Ending			<u>\$ -</u>		

Town of Elizabethtown, North Carolina  
**Water and Sewer Fund**  
**Schedule of Revenues Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non - GAAP)**  
For the Fiscal Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Operating Revenues			
Water Sales		\$ 958,456	
County Water		223	
Sewer Charges		1,123,944	
Grease Trap Fees		63,622	
Water and Sewer Taps		9,500	
Late/Reconnection Fees		93,865	
Miscellaneous		2,865	
Total	<u>\$ 2,068,800</u>	<u>2,252,475</u>	<u>\$ 183,675</u>
Nonoperating Revenues:			
Interest Earned on Investment		1,732	
Total	<u>1,000</u>	<u>1,732</u>	<u>732</u>
Total revenues	<u>2,069,800</u>	<u>2,254,207</u>	<u>184,407</u>
Expenditures:			
Operating Expenses			
Water Department			
Salaries and employee benefits		398,120	
Operating Expenses		399,669	
Total	<u>903,204</u>	<u>797,789</u>	<u>105,415</u>
Sewer Department			
Salaries and employee benefits		442,220	
Operating Expenses		569,471	
Total	<u>982,745</u>	<u>1,011,691</u>	<u>(28,946)</u>
Total General Expenses	<u>1,885,949</u>	<u>1,809,480</u>	<u>76,469</u>
Debt service:			
Interest and fees		7,964	
Principal retirement		98,199	
Total debt service	<u>83,851</u>	<u>106,163</u>	<u>(22,312)</u>
Total expenditures	<u>1,969,800</u>	<u>1,915,643</u>	<u>54,157</u>
Other financing sources (uses):			
Transfer (to) from other funds	<u>(100,000)</u>	-	<u>100,000</u>
Total other financing sources (uses)	<u>(100,000)</u>	-	<u>100,000</u>
Fund Balance Appropriated		-	-
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>338,564</u>	<u>\$ 338,564</u>

Town of Elizabethtown, North Carolina  
**Water and Sewer Fund**  
**Schedule of Revenues Expenditures, and Changes in Fund Balance**  
**Budget and Actual (Non - GAAP)**  
For the Fiscal Year Ended June 30, 2025

	Budget	Actual	Variance Positive (Negative)
<b>Reconciliation from budgetary basis (modified accrual) to full accrual:</b>			
Revenues over expenditures		<u>\$ 338,564</u>	
Reconciling items:			
Principal retirement		98,199	
Depreciation-Water		(307,444)	
Depreciation-Sewer		(307,445)	
Capital Contributions - Capital Projects		1,361,109	
(Increase)/Decrease in net pension liability		30,230	
Increase/(Decrease) in deferred outflows of resources-pension		(32,602)	
(Increase)/Decrease in deferred inflows of resources-pensions		(6,039)	
(Increase)/Decrease in vacation accrual		5,666	
(Increase)/Decrease in sick leave payable		(700)	
Total reconciling items		<u>840,975</u>	
Change in Net Position		<u><u>\$ 1,179,539</u></u>	

Town of Elizabethtown, North Carolina  
**Waste Water Treatment Project Expansion**  
**Water and Sewer Capital Project Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues :					
Restricted intergovernmental:					
Grant	\$ 13,600,000	\$ 1,755,020	\$ 1,200,939	\$ 2,955,959	(10,644,041)
Total revenues	<u>13,600,000</u>	<u>1,755,020</u>	<u>1,200,939</u>	<u>2,955,959</u>	<u>(10,644,041)</u>
Expenditures:					
Construction in progress	13,600,000	1,755,020	1,200,939	2,955,959	10,644,041
Total expenditures	<u>13,600,000</u>	<u>1,755,020</u>	<u>1,200,939</u>	<u>2,955,959</u>	<u>10,644,041</u>
Revenues under expenditures	-	-	-	-	-
Other Financing Sources (Uses):					
Transfer from Water Fund		-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Elizabethtown, North Carolina  
**Waste Water Treatment Project Expansion**  
**Lead Service Line Capital Project Fund**  
**Schedule of Revenues and Expenditures - Budget and Actual**  
From Inception and for the Fiscal Year Ended June 30, 2025

	Project Author - ization	Prior Years	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues :					
Restricted intergovernmental:					
Grant	\$ 111,568	\$ -	\$ 160,170	\$ 160,170	\$ 48,602
Total revenues	<u>111,568</u>	<u>-</u>	<u>160,170</u>	<u>160,170</u>	<u>48,602</u>
Expenditures:					
Construction in progress	278,920	-	271,738	271,738	7,182
Total expenditures	<u>278,920</u>	<u>-</u>	<u>271,738</u>	<u>271,738</u>	<u>7,182</u>
Revenues under expenditures	<u>(167,352)</u>	<u>-</u>	<u>(111,568)</u>	<u>(111,568)</u>	<u>55,784</u>
Other Financing Sources (Uses):					
Debt proceeds	167,352	-	111,568	111,568	(55,784)
Total Other Financing Sources (Uses)	<u>167,352</u>	<u>-</u>	<u>111,568</u>	<u>111,568</u>	<u>(55,784)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Town of Elizabethtown, North Carolina  
**General Fund**  
**Schedule of Ad Valorem Taxes Receivable**  
June 30, 2025

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2024</u>	<u>Additions</u>	<u>Collections And Credits</u>	<u>Uncollected Balance June 30, 2025</u>
2024 - 2025	\$ -	\$ 2,362,257	\$ 2,296,688	\$ 65,569
2023 - 2024	68,557	-	42,938	25,619
2022 - 2023	19,352	-	8,035	11,317
2021 - 2022	12,342	-	5,810	6,532
2020 - 2021	7,140	-	4,050	3,090
2019 - 2020	8,426	-	3,837	4,589
2018 - 2019	27,463	-	2,877	24,586
2017 - 2018	23,031	-	1,200	21,831
2016 - 2017	1,751	-	307	1,444
2015 - 2016	849	-	137	712
2014 - 2015	329	-	329	-
	<u>\$ 169,240</u>	<u>\$ 2,362,257</u>	<u>\$ 2,366,208</u>	<u>165,289</u>
		Less Allowance For Doubtful Accounts		<u>(121,433)</u>
		Net Outstanding Taxes Receivable		<u>\$ 43,856</u>

Reconcilement with revenues:

Ad valorem taxes - General Fund	\$ 2,381,090
Reconciling items:	
Interest collected	(21,379)
Releases	6,497
Subtotal	<u>(14,882)</u>
Total collections and credits	<u>\$ 2,366,208</u>

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

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 359,793,953	0.645	\$ 2,320,671	\$ 2,043,549	\$ 277,122
Downtown District Tax			41,586	41,586	-
Total	359,793,953		2,362,257	2,085,135	277,122
Discoveries:					
Current year taxes	-	0.645	-	-	-
Total	-		-	-	-
Abatements	-	0.645	-	-	-
Total property valuation	\$ 359,793,953		-	-	-
Net levy			2,362,257	2,085,135	277,122
Uncollected taxes at June 30, 2025			65,569	65,569	-
Current year's taxes collected			\$ 2,296,688	\$ 2,019,566	\$ 277,122
Current levy collection percentage			97.22%	96.86%	100.00%



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

**Independent Auditor's Report**

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Elizabethtown, 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 Elizabethtown's basic financial statements, and have issued our report thereon dated November 20, 2025. The financial statements of the Elizabethtown ABC Board were not audited in accordance with *Government Auditing Standards*.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the Town of Elizabethtown's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions<sup>1</sup> on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Elizabethtown's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

Our consideration of internal control was for limited purposes described in the preceding paragraph 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. However, as described in the accompanying schedule of findings and questioned costs, we did identify certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

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 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. We consider the deficiency described in the accompanying schedule of findings and questioned costs as item 2025-003 to be material weaknesses.

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. We consider the deficiencies described in the accompanying schedule of findings and questioned costs as items 2025-001 and 2025-002 to be significant deficiencies.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Elizabethtown'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 questioned costs as item 2025-001.

#### Town of Elizabethtown's Response to Findings

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

#### Purpose of this Report

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

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

*Wilmington, North Carolina*

*December 5, 2025*



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

**Independent Auditor's Report**

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

**Report on Compliance for Each Major Federal Program**

***Opinion on Each Major Federal Program***

We have audited the Town of Elizabethtown, 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 Elizabethtown's major federal programs for the year ended June 30, 2025. The Town of Elizabethtown'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 Elizabethtown 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 Town of Elizabethtown 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 Elizabethtown'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 Elizabethtown 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 Elizabethtown's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Elizabethtown's compliance with the requirements of each major federal program as a whole.

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

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

Wilmington, North Carolina

December 5, 2025



Thompson, Price, Scott, Adams & Co., P.A.  
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Wilmington, North Carolina 28403  
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**Report on Compliance for Each Major State 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 Town Council  
Town of Elizabethtown, North Carolina

**Report on Compliance for Each Major State Program**

***Opinion on Each Major State Program***

We have audited the Town of Elizabethtown, 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 Elizabethtown's major State programs for the year ended June 30, 2025. The Town of Elizabethtown'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 Elizabethtown 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 Town of Elizabethtown 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 Elizabethtown'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 Elizabethtown State programs.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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 Elizabethtown'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

*Members*

collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Elizabethtown's compliance with the requirements of each major State program as a whole.

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

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

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

### ***Report on Internal Control Over Compliance***

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

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

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

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

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

Elizabethtown, North Carolina

December 5, 2025

**TOWN OF ELIZABETHTOWN, NORTH CAROLINA  
ELIZABETHTOWN, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

Material weaknesses identified?  Yes  No  
 Significant Deficiency(s) identified?  Yes  None Reported

Noncompliance material to financial statements noted?  Yes  No

Federal Awards

Internal control over major federal programs:

Material weaknesses identified?  Yes  No  
 Significant Deficiency(s) identified?  Yes  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  No

Identification of major federal programs:

<u>Assistance Listing No's.</u>	<u>Names of Federal Program or Cluster</u>
14.228	Community Development Block Grants - Aircraft Manufacturing Facility
14.228	Community Development Block Grants - Community Center
20.106	Airport Improvement Program
21.027	American Recovery Plan Act (ARPA) Program

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

Auditee qualified as low-risk auditee?  Yes  No

State Awards

Internal control over major State programs:

• Material Weakness(es) identified?  Yes  No  
 • Significant deficiency(s) identified that are not considered to be a material weakness.  Yes  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 the State Single Audit Implementation Act  Yes  No

Identification of major State programs:

<u>Program Name</u>
Airport Improvement Program - Apron Reconstruction
Airport Improvement Program - Corporate Airpark

Dollar threshold used to determine a State major program \$ 500,000

Auditee qualified as State low-risk auditee?  Yes  No

**TOWN OF ELIZABETHTOWN, NORTH CAROLINA  
ELIZABETHTOWN, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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Section II. Financial Statement Findings

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**Significant Deficiency/Material Noncompliance  
Findings: 2025-001 Noncompliance with Budget**

**Criteria:** G.S. 159-28(a) states that no obligation may be incurred in a function accounted for in a fund included in the budget ordinance unless the budget ordinance includes an appropriation authorizing the obligation and an unencumbered balance remains in the appropriation sufficient to pay in the current fiscal year the sums obligated by the transaction for the current fiscal year.

**Condition:** The Town expended more for the General Fund, CDBG Vulcanair Aircraft Manufacturing Facility Capital Project Fund, Corporate Airpark Capital Project Fund, and Airport Hangers Capital Project Fund, than was appropriated for in the annual budget ordinance.

**Effect:** Monies were spent that had not been obligated and appropriated.

**Cause:** The Town exceeded budget expenditures in the above Funds while budget amendments were not adopted.

**Identification of a repeat finding:** This is not a repeat finding.

**Recommendation:** Before an obligation is to incur that will exceed the amount that was previously approved in the budget ordinance, an amendment to the budget should be adopted.

**Views of responsible officials and planned corrective actions:** The Town will continue to monitor the budgets monthly to ensure

**Significant Deficiency  
Findings: 2025-002 Failure to Perform Reconciliations of Significant Accounts**

**Criteria:** Cash was not reconciled to the general ledger accounts in a timely or accurate manner.

**Condition:** There is a lack of ability to reconcile these subsidiary ledgers to the general ledger.

**Effect:** Information obtained from general ledger could be incorrect.

**Cause:** Inadequate training with software.

**Identification of a repeat finding:** This is not a repeat finding.

**Recommendation:** The Town should obtain additional training with the software vendor and evaluate the usefulness of the system.

**Views of responsible officials and planned corrective actions:** The Town agrees with this finding and will adhere to the corrective

**Material Weakness  
Findings: 2025-003 Lack on controls over billing**

**Criteria:** Water and sewer billings over 2,500 gallons were grossly underbilled.

**Condition:** There is a lack of oversight over the billing process.

**Effect:** The Town has undercharged bills with usage over 2,500 gallons and in effect has loss out on the revenues.

**Cause:** Inadequate training with software and lack of oversight by management.

**Identification of a repeat finding:** This is not a repeat finding.

**Recommendation:** The Town should obtain additional training with the software vendor and evaluate the usefulness of the system and implement additional controls such as sample bill testing.

**Views of responsible officials and planned corrective actions:** The Town agrees with this finding and will adhere to the corrective action plan to follow.

**TOWN OF ELIZABETHTOWN, NORTH CAROLINA  
ELIZABETHTOWN, NORTH CAROLINA  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

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Section III. Federal Award Findings and Questioned Costs

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**None.**

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Section IV. State Award Findings and Questioned Costs

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**None.**

**Town of Elizabethtown, North Carolina  
Corrective Action Plan  
For the Fiscal Year Ended June 30, 2025**

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Section II. Financial Statement Findings

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**2025 - 001      Noncompliance with Budget**

Name of contact Person: Sharon Penny, Finance Director

Corrective Action: When obligations arise that exceed the amount in the approved budget ordinance, amendments to the budget will be created. These amendments will be brought to the Board when they arise for transparency and to ensure compliance.

Proposed Completion Date: Immediately

**2025 - 002      Failure to Perform Reconciliations of Significant Accounts**

Name of contact Person: Sharon Penny, Finance Director

Corrective Action: Management will install measures to ensure all reconciliations are performed timely.

Proposed Completion Date: Immediately

**2025 - 003      Lack on controls over billing**

Name of contact Person: Sharon Penny, Finance Director

Corrective Action: Management will work closely with the accounting software development team to ensure proper inputs into the billing software accurately calculates bills to the approved rate schedule. Management will implement additional testing controls to ensure bills are various usage rates are billed properly.

Proposed Completion Date: Immediately

**TOWN OF ELIZABETHTOWN, NORTH CAROLINA  
ELIZABETHTOWN, NORTH CAROLINA  
Summary Schedule of Prior Year Audit Findings  
For the Year Ended June 30, 2025**

Status: None.

**Town of Elizabethtown, North Carolina**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Year Ended June 30, 2025**

Grantor/Pass-through Grantor/Program Title	Federal Assistance Listing No.	State/ Pass-through Grantor's No.	Fed. (Direct & Pass-through) Expenditures	State Expenditures	Pass-through to Subrecipients
<b>Federal Grants:</b>					
<b>Cash Assistance:</b>					
<u>U.S. Department of Housing and Urban Development</u>					
Passed-through the N.C. Department of Commerce:					
Rural Economic Development Division:					
Community Development Block Grants					
Neighborhood Revitalization Program	14.228	19-C-3126	\$ 378,879	\$ -	\$ -
Aircraft Manufacturing Facility	14.228	18-D-3095	1,325,267	-	-
Community Center	14.228	21-C-4026	1,154,898	-	-
Total Community Development Block Grants			<u>2,859,043</u>	<u>-</u>	<u>-</u>
<u>U.S. Department of Transportation</u>					
Passed-through the N.C. Department of Transportation:					
Division of Aviation:					
State Block Grant Program					
Airport Improvement Program	20.106	36237.4.17.1	1,159,648	-	-
Airport Improvement Program	20.106	36237.4.18.1	46,270	-	-
Airport Improvement Program	20.106	36237.4.19.1	120,209	-	-
Total State Block Grant Program			<u>1,326,127</u>	<u>-</u>	<u>-</u>
Safe Streets and Roads for All	20.939		275,271	-	-
<u>U.S. Department of Treasury</u>					
Passed-through the N.C. Department of Environmental Quality:					
State Fiscal Recovery Funds - American Recovery Plan Act (ARPA) Program					
	21.027		1,200,939	-	-
<u>U.S. Environmental Protection Agency</u>					
Passed-through the N.C. Department of Environmental Quality:					
Division of Water Infrastructure:					
Drinking Water State Revolving Fund Cluster					
Capitalization Grants For Drinking Water State Revolving Funds	66.468	SRF-D-LSL-0085	271,738	-	-
Total assistance - federal programs			<u>5,933,118</u>	<u>-</u>	<u>-</u>
<b>State Grants:</b>					
<b>Cash Assistance:</b>					
<u>N.C. Department of Environmental Quality</u>					
Division of Water Infrastructure:					
Drinking Water Reserve and the Wastewater Reserve – S.L. 2023-134			-	11,459	-
<u>N.C. Department of Transportation:</u>					
Powell Bill			-	186,707	-
Division of Aviation:					
State Aid to Airports Program					
Airport Improvement Program - Professional Services		36244.4.9.2	-	3,287	-
Airport Improvement Program - Apron Reconstruction		36244.4.10.1	-	1,130,492	-
Airport Improvement Program - Airport Construction Projects		36244.4.10.2	-	41,765	-
Airport Improvement Program - Corporate Airpark		36244.4.10.3	-	4,219,174	-
Total State Aid to Airports Program			<u>-</u>	<u>5,394,718</u>	<u>-</u>
<u>Golden Leaf</u>					
Live, Work, Play - Commercial Project			-	64,792	-
Total assistance - State programs			<u>-</u>	<u>5,657,676</u>	<u>-</u>
Total assistance			<u>\$ 5,933,118</u>	<u>\$ 5,657,676</u>	<u>\$ -</u>

**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 Elizabethtown 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 Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Elizabethtown, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Town of Elizabethtown.

**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 Elizabethtown has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.