

TOWN OF MAYODAN
NORTH CAROLINA
Year Ended June 30, 2022

AUDIT REPORT

**Town of Mayodan, North Carolina
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June 30, 2022**

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Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mayodan, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mayodan, North Carolina as of June 30, 2022, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund and the American Rescue Act Plan 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 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 Mayodan, North Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of

439 W. Kings Hwy • P.O. Box 2152 • Eden, NC 27289-2152 • Phone : 336-627-1323 • Fax : 336-623-8030

Mayodan, North Carolina's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of Mayodan, North Carolina's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town of Mayodan, North Carolina's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 16, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 62 and 63, respectively, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension (Assets) Liability on page 64, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 65 and 66, and the Other Postemployment benefits schedule of changes in the Total OPEB Liability and Related Ratios on page 67 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 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 Mayodan, North Carolina's basic financial statements. The accompanying combining and individual fund financial statements, budgetary schedules and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion based on our audit, the combining and individual fund financial statements, budgetary schedules and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2022, on our consideration of the Town of Mayodan, North Carolina'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 solely 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 the Town of Mayodan, North Carolina'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 Mayodan, North Carolina's internal control over financial reporting and compliance.

Rouse, Rouse, Rouse & Gardner, LLP

Rouse, Rouse, Rouse & Gardner, LLP

Eden, North Carolina

November 2, 2022

**Management Discussion and Analysis
Town of Mayodan**

Management's Discussion and Analysis

As management of the Town of Mayodan, we offer readers of the Town of Mayodan's financial statements this narrative overview and analysis of the financial activities of the Town of Mayodan for the fiscal year ended June 30, 2022. 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 of the Town of Mayodan exceeded its liabilities at the close of the fiscal year by \$14,219,149 (*net position*).
- The government's total net position increased by \$726,441
- As of the close of the current fiscal year, the Town of Mayodan's governmental funds reported combined ending fund balances of \$2,716,032.71, an increase of \$306,534.78 in comparison with the prior year. Approximately 31 percent of this total amount, or \$843,299.08, is available for spending at the government's discretion (unassigned fund balance).
- The Town of Mayodan's long-term debt decreased by \$194,937 (15%) during the current fiscal year.

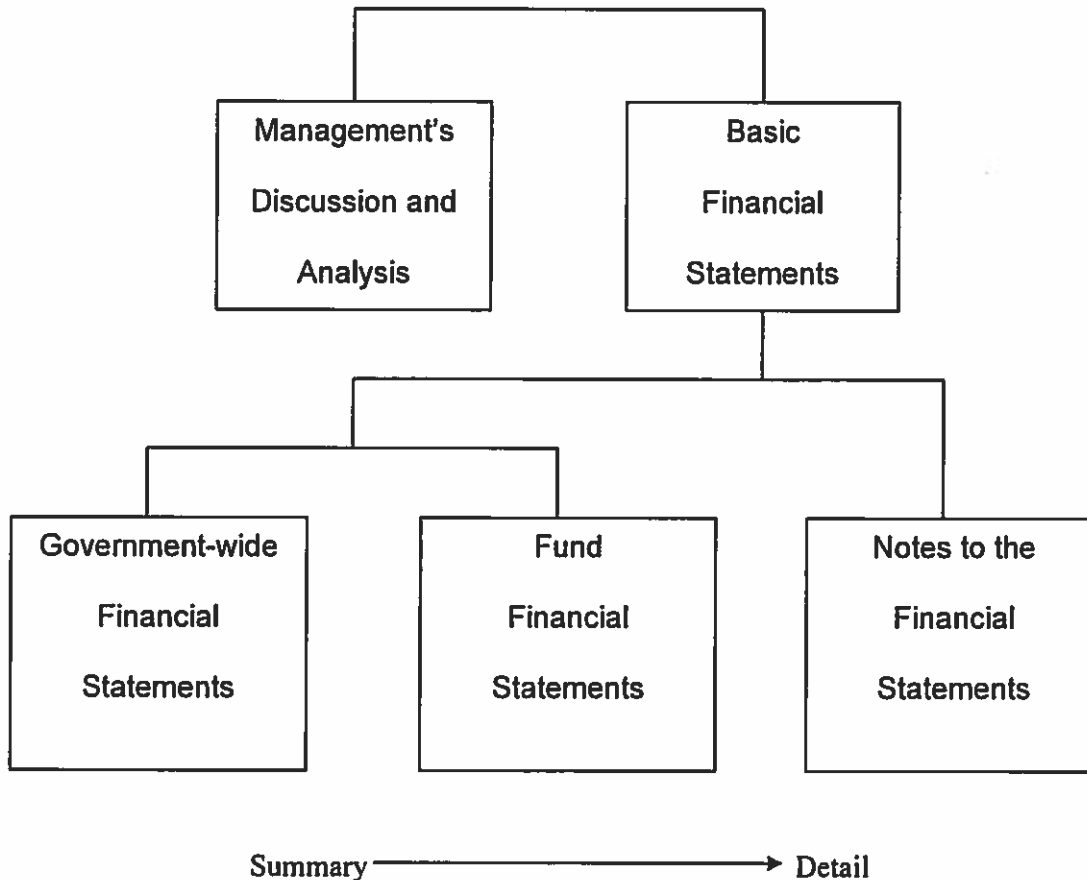
Overview of the Financial Statements

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

**Management Discussion and Analysis
Town of Mayodan**

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 General Statutes also can be found in this part of the statements.

Management Discussion and Analysis Town of Mayodan

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 they have changed. Net position is the difference between the town's total assets and deferred outflows of resources and the 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 two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the town's basic services such as public safety, streets, sanitation, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the town charges customers to provide. These include the water and sewer services offered by the Town of Mayodan.

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

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Mayodan, 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 Mayodan 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* that provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the town's programs. The relationship between government activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

Management Discussion and Analysis

Town of Mayodan

The Town of Mayodan 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. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Proprietary Funds – The Town of Mayodan has one proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Mayodan uses an enterprise fund to account for its water and sewer activity. This fund is the same as that 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 begin on page 26 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Mayodan's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 62 of this report.

Management Discussion and Analysis
Town of Mayodan

Government-Wide Financial Analysis

The Town of Mayodan's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	2,295,147	2,076,956	2,781,362	2,171,559	5,076,509	4,248,515
Restricted assets	1,841,397	436,797	82,494	79,417	1,923,891	516,214
Non-current assets		-	189,813	379,626	189,813	379,626
Capital assets	2,826,595	2,693,088	13,648,349	14,074,274	16,474,944	16,767,362
Total assets	6,963,139	5,206,841	16,702,018	16,704,876	23,665,157	21,911,717
Deferred outflows of resources	1,304,976	1,102,001	506,070	605,661	1,811,046	1,707,662
Total assets & outflows of resources	8,268,115	6,308,842	17,208,088	17,310,537	25,476,203	23,619,379
Long-term liabilities outstanding	356,512	227,273	772,457	1,096,633	1,128,969	1,323,906
Unearned revenue	1,302,835	-	537,803	727,616	1,840,638	727,616
Other liabilities	4,806,616	4,775,585	1,866,564	2,905,008	6,673,180	7,680,593
Deferred inflows of resources	1,111,585	245,675	502,682	148,881	1,614,267	394,556
Total liabilities & inflows of resources	7,577,548	5,248,533	3,679,506	4,878,138	11,257,054	10,126,671
Net position:						
Net investment in capital assets	2,470,083	2,465,815	12,875,892	12,977,641	15,345,975	15,443,456
Restricted for:						
Economic Development	20,127	20,121		-	20,127	20,121
Cemetery	126,868	114,468		-	126,868	114,468
Public safety	125,724	115,558		-	125,724	115,558
Transportation	267,997	188,650		-	267,997	188,650
Stabilization by State						
Statute	1,279,936	295,834		-	1,279,936	295,834
Unrestricted	(3,600,168)	(2,140,137)	652,690	(545,242)	(2,947,478)	(2,685,379)
Total net position	690,567	1,060,309	13,528,582	12,432,399	14,219,149	13,492,708

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 Mayodan exceeded liabilities and deferred inflows by \$14,219,149 as of June 30, 2022. The town's net position increased by \$726,441 for the fiscal year ended June 30, 2022. However, the largest portion reflects the town's investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town of Mayodan uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Mayodan's net investment in its 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

Management Discussion and Analysis
Town of Mayodan

Mayodan's net position 13%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(2,947,478) is unrestricted.

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

- Total debt related to governmental activities amounted to \$6,465,963 at June 30, 2022, an increase of \$1,463,105 or 29% in comparison with the prior year. Most of the increase is due to the increase in the net OPEB obligation, pension obligations and unearned income.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99%, which is comparable to the statewide average.

Management Discussion and Analysis
Town of Mayodan

Town of Mayodan Changes in Net Position
Figure 3

	Governmental Activities 2022	Governmental Activities 2021	Business Type Activities 2022	Business Type Activities 2021	Total 2022	Total 2021
Revenues:						
Program revenues:						
Charges for services	308,867	283,986	3,135,200	2,480,329	3,444,067	2,764,315
Operating grants and contributions	280,717	255,186		-	280,717	255,186
Capital grants and contributions	24,000	17,722		-	24,000	17,722
General revenues:						
Property taxes	1,661,390	1,583,646		-	1,661,390	1,583,646
Other taxes	796,992	684,869		-	796,992	684,869
Unrestricted Intergovernmental Revenues	293,354			-	293,354	
Restricted Intergovernmental Revenues		-		-	-	
Grants and contributions not restricted to specific prog		265,613		-	-	265,613
Investment earnings	2,675	3,293	16,703	23,001	19,378	26,294
Gain (loss) on sale of capital assets	28,450	1,853			28,450	1,853
Miscellaneous	15,777	9,333	32,388	14,223	48,165	23,556
Transfers	(56,303)	(7,500)	56,303	7,500	-	-
Total Revenues	3,355,919	3,098,001	3,240,594	2,525,053	6,596,513	5,623,054
Expenses:						
General government	441,485	392,497			441,485	392,497
Public safety	1,984,485	1,626,094			1,984,485	1,626,094
Transportation	403,084	347,976			403,084	347,976
Economic development	124,748	86,481			124,748	86,481
Sanitation	197,581	158,399			197,581	158,399
Culture and recreation	561,337	405,699			561,337	405,699
Water and sewer			2,144,411	2,598,077	2,144,411	2,598,077
Cemeteries	2,450	4,517			2,450	4,517
Interest on long term debt	4,991	5,954			4,991	5,954
Special Appropriations	5,500	5,500			5,500	5,500
Total Expenses	3,725,661	3,033,117	2,144,411	2,598,077	5,870,072	5,631,194
Increase (decrease) in net position	(369,742)	64,884	1,096,183	(73,024)	726,441	(8,140)
Net position, July 1	1,060,309	995,425	12,432,399	12,505,423	13,492,708	13,500,848
Net position, June 30	690,567	1,060,309	13,528,582	12,432,399	14,219,149	13,492,708

Governmental activities. Governmental activities decreased the Town's net position by \$369,742.

Business-type activities: Business-type activities increased the Town of Mayodan's net position by \$1,096,183.

Management Discussion and Analysis
Town of Mayodan

Financial Analysis of the Town Funds

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

Governmental Funds. The focus of the Town of Mayodan'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 Mayodan's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Mayodan. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$843,299.08 while total fund balance amounted to \$2,716,032.71. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 26.2% percent of total General Fund expenditures. Total fund balance represents 84.5% percent of total General Fund expenditures.

At June 30, 2022, the governmental funds of the Town of Mayodan reported a combined fund balance of \$2,716,033 a 12.7% increase from last year.

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.

Revenues were \$301,074.85 more than the budgeted amounts primarily because of taxes, sales & services, sale of assets, and other taxes were \$61,759, \$23,196, \$19,700, and \$186,792 more than the Town had budgeted, respectively. Restricted Intergovernmental Revenues were (\$1,550) less than budgeted and investment earnings were (\$425) less than budgeted. Actual expenditures were \$214,620 more than the budgeted amount primarily because Public Safety expenditures, Transportation expenditures and Environmental protection expenditures were \$68,177, \$74,561 and \$36,980 more than the budgeted amounts, respectively.

Proprietary Funds. The town'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 \$652,688.59. The total increase in net position for this fund was \$1,096,182. Factors concerning the finances of this fund have already been addressed in the discussion of the town's business-type activities.

**Management Discussion and Analysis
Town of Mayodan**

Capital Asset and Debt Administration

Capital assets. The Town of Mayodan's investment in capital assets for its governmental and business-type activities as of June 30, 2022, totals \$16,474,944 (net of accumulated depreciation). These assets include buildings, land, furniture and equipment, park facilities, and vehicles and motorized equipment.

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

- **Governmental Activities – Additions**
 - Buildings 52,500
 - Furniture and Equipment 102,947
 - Vehicles 208,430
- **Water and Sewer Fund – Additions**
 - Construction in Process 7,500
 - Plant and Distribution System 27,000
 - Furniture and Equipment 87,276
- Depreciation expense for business type activities for the year ending June 30, 2022 amounted to \$547,700.85.
- Depreciation expense for governmental activities amounted to \$236,666.

Management Discussion and Analysis
Town of Mayodan

Town of Mayodan's Capital Assets
(net of depreciation)

Figure 4

	Governmental Activities 2022	Governmental Activities 2021	Business-type Activities 2022	Business-type Activities 2021	Total 2022	Total 2021
Land:						
Farris Park	201,000	201,000			201,000	201,000
Other	233,717	233,717	111,061	111,060	344,778	344,777
Washington Mills	249,988	249,988			249,988	249,988
Construction in Progress	3,000	3,000	39,000	31,500	42,000	34,500
Total Assets not being depreciated	687,705	687,705	150,061	142,560	837,766	830,265
Buildings	352,478	336,219			352,478	336,219
Farris Park Improvements	203,488	220,624			203,488	220,624
Land Improvements	32,335	30,872			32,335	30,872
Furniture & Equipment	221,183	168,588	214,690	174,101	435,873	342,689
Plant & Distribution Systems			13,220,880	13,671,092	13,220,880	13,671,092
Vehicles and motorized equipment	466,874	368,471	62,718	86,521	529,592	454,992
Infrastructure	862,532	880,609			862,532	880,609
Total	2,826,595	2,693,088	13,648,349	14,074,274	16,474,944	16,767,362

Additional information on the town's capital assets can be found in note II of this report.

Long-term Debt. As of June 30, 2022, the Town of Mayodan had total long-term debt outstanding of \$1,128,969. All of this debt is backed by the full faith and credit of the town.

**Management Discussion and Analysis
Town of Mayodan**

**Town of Mayodan's Outstanding Debt
Installment Purchases and Construction Loans**

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Installment Purchases	356,512	227,273			356,512	227,273
Public Works Facility			267,635	306,512	267,635	306,512
Installment Loan						
Two MG Water Tank			-	32,889	-	32,889
Regional Wastewater Treatment						
Plant Revolving Loan			504,822	757,232	504,822	757,232
Total	356,512	227,273	772,457	1,096,633	1,128,969	1,323,906

The Town of Mayodan's total long-term debt decreased by \$194,937 (15%) during the past fiscal year, primarily due to the retirement of the installment loan for the Two MG Water Tank.

North Carolina general statutes limit 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 Town of Mayodan is \$21,167,920. The town has no bonds authorized but un-issued at June 30, 2022.

Additional information regarding the Town of Mayodan's long-term debt can be found in note II 5 beginning on page 55 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Several manufacturing industries located in the Town of Mayodan continue to grow and produce goods. Sturm Ruger, Frontier Spinning, Blow Molded Solutions, and Bridgestone Aircraft Tire are operating at full capacity, with on-going efforts to hire employees. Blow Molded Solutions and Sturm Ruger are expanding lines of manufacturing and increasing number of employees while also expanding into additional buildings. Frontier Spinning was acquired by Gildan and is improving its lines of production with new equipment and adding additional lines of production. The increase in job production accounts for additional capital improvements and equipment purchases. This increase in capital improvements and equipment purchases increases the taxable property values.
- The collection rate for real property taxes is greater than 99% and the rate for DMV tax collection was closer to 100%. Tax collection rates for the Town of Mayodan are consistently higher than the state average. The Town saw an increase in the tax base this year due to continued residential construction and rehabilitation of homes.

Management Discussion and Analysis

Town of Mayodan

- Farris Memorial Park and the Mayo River State Park continues to be a draw for visitors from all over the state. The North Carolina National Interscholastic Cyclist Association race and state championship race returned to Farris Memorial Park this spring. This draws in excess of 2,500 visitors to the park in a given weekend. In the next fiscal year the race will be hosting two championship events in the park increasing the potential for more visitors, increased sales tax, and fee payments to the Town. The Town continues to apply for grant funds to fund an additional 5 miles of trail at the park and will be applying for additional grant funds to improve Elliott Duncan Park.
- The annual festivals, What the Hay Fest, Hay O Dan Art Sculptures, and the Downtown Christmas Stroll, are also a draw to the downtown area, which increases the visitation to local small businesses. This provides opportunities for increased sales tax revenues for the town and provides visitors with a positive outlook of the town.
- The Town continues to capitalize on the outdoor recreation in our area. Tubing at the Madison-Mayodan Recreation Department continues to do well in the summer. Mayodan continues to utilize Facebook, the website, radio, and printed literature to draw visitors to the area. Visitor traffic has the potential to transition to permanent residents and Mayodan will continue to put its best foot forward to capitalize on those potential new citizens. The Recreation Department actively seeks out various projects and fundraisers that bring people into Mayodan.
- The Town of Mayodan increased the water and sewer rates for its customers this fiscal year and are seeing an increase in the revenue for the water and sewer fund.

Budget Highlights for the Fiscal Year Ending June 30, 2022

- Ad valorem tax rate remains steady at \$0.63 per \$100 of taxable value
- The water and sewer rates increased from \$6.00 to \$6.75 per 1,000 gallons for internal customers and from \$12 to \$13.50 for external customers.
- The Town continues to make significant improvements to water and sewer infrastructure and paving public streets.
- The Town continues to make preparations for the construction of a bridge to the sewer syphon island for maintenance. The Town is the recipient of a \$500,000 grant for the construction. We continue to work with the State Parks for approval of the engineering work before construction can begin. We recently received an extension of the grant.
- The Town of Mayodan received a direct appropriation from the State of North Carolina to assist in the clean up of the Washington Mills Brownfield site. This money was received in this fiscal year and has been allocated towards clean up activities, environmental assessments, and reconditioning of the remaining structure.

Governmental Activities: Budgeted expenditures in the General Fund are expected to remain stable for the year ended June 30, 2022.

**Management Discussion and Analysis
Town of Mayodan**

Requests for Information

This report is designed to provide an overview of the town 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:

Kathleen Patterson
Town Manager
Town of Mayodan
210 W. Main St.
Mayodan, NC27027
(336) 427-0241
Email: kpatterson@mayodannc.org

Town of Mayodan
Statement of Net Position
June 30, 2022

Exhibit 1

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	1,967,927	1,948,068	3,915,995
Taxes receivable, net of allowance for uncollectibles of \$14,185	19,091	-	19,091
Customer receivables, net of allowance for uncollectibles of \$85,173	39,530	454,823	494,353
Prepaid Expense	26,040	-	26,040
Due from other governments	232,928	222,937	455,865
Internal balances	9,631	(9,631)	-
Inventory	-	165,165	165,165
Total Current Assets	2,295,147	2,781,362	5,076,509
Restricted Assets			
Cash and Temporary Investments	1,841,397	82,494	1,923,891
Non-Current Assets			
Due From Other Governments	-	189,813	189,813
	-	189,813	189,813
Capital assets			
Land	687,704	111,061	798,765
Other capital assets, net of depreciation	2,138,891	13,537,288	15,676,179
Total Capital Assets	2,826,595	13,648,349	16,474,944
Total Assets	6,963,139	16,702,018	23,665,157
Deferred Outflows of Resources			
Pension deferrals	566,101	178,901	745,002
OPEB deferrals	738,875	327,169	1,066,044
Total deferred outflows of resources	1,304,976	506,070	1,811,046
LIABILITIES			
Accounts payable and accrued liabilities	98,585	20,696	119,281
Compensated absences payable	114,538	80,806	195,344
Unearned revenue	1,302,835	537,803	1,840,638
Customer deposits	-	45,145	45,145
Net OPEB obligation	3,624,831	1,605,050	5,229,881
Net pension liability	213,324	114,867	328,191
Net pension obligation-Separation Allowance	755,338	-	755,338
Long-term notes payable			
Due within one year	63,701	292,388	356,089
Due in more than one year	292,811	480,069	772,880
Total liabilities	6,465,963	3,176,824	9,642,787
Deferred Inflows of Resources			
Pension deferrals	352,148	166,409	518,557
OPEB deferrals	759,437	336,273	1,095,710
Total deferred inflows of resources	1,111,585	502,682	1,614,267
Net Position			
Net investment in capital assets	2,470,083	12,875,892	15,345,975
Restricted for:			
Economic Development	20,127	-	20,127
Cemetery	126,868	-	126,868
Public safety	125,724	-	125,724
Transportation	267,997	-	267,997
Stabilization by State Statute	1,279,936	-	1,279,936
Unrestricted	(3,600,168)	652,690	(2,947,478)
Total net position	690,567	13,528,582	14,219,149

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

Town of Mayodan
Statement of Activities
For the Year Ended June 30, 2022

Exhibit 2	Net (Expense) Revenue and Changes in Net Assets				
	Primary Government				Total
	Governmental Activities	Business- Type Activities			
	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants Grants and Contributions	
Primary Government:					
Governmental Activities:					
General government	441,485	91,220	55,023	-	(295,242)
Public Safety	1,984,485	1,153	136,137	24,000	(1,823,195)
Transportation	403,084	-	81,352	-	(321,732)
Economic Development	124,748	-	-	-	(124,748)
Environmental Protection	197,581	181,137	5,725	-	(10,719)
Cultural and Recreation	561,337	20,757	2,480	-	(538,100)
Cemeteries	2,450	14,600	-	-	12,150
Interest on long-term debt	4,991	-	-	-	(4,991)
Special Appropriations	5,500	-	-	-	(5,500)
Total Governmental Activities	3,725,661	308,867	280,717	24,000	(3,112,077)
Business Type Activities					
Water Fund	2,144,411	3,135,200	-	-	990,789
Total	5,870,072	3,444,067	280,717	24,000	(2,121,288)
General Revenues:					

Town of Mayodan, North Carolina
Balance Sheet
Governmental Funds
June 30, 2022

Exhibit 3

	Major		
	General Fund	American Rescue Plan Act Fund	Total
Assets:			
Cash and cash equivalents	1,967,927.10		1,967,927.10
Restricted Cash	1,540,715.43	300,681.41	1,841,396.84
Receivables:			
Taxes (net)	19,091.11		19,091.11
Accounts Receivable (net)	39,530.43		39,530.43
Street assessments	13,172.92		13,172.92
Prepaid Expenses	26,041.24		26,041.24
Due from other funds	7,477.02	2,153.50	9,630.52
Due from other governmental units	232,928.27		232,928.27
Total assets	3,846,883.52	302,834.91	4,149,718.43
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	98,586.78	-	98,586.78
Unearned Revenue	1,000,000.00	302,834.91	1,302,834.91
Total liabilities	1,098,586.78	302,834.91	1,401,421.69
Deferred Inflows of Resources			
Street Assessments Receivable	13,172.92		13,172.92
Property Taxes Receivable	19,091.11		19,091.11
Total Deferred Inflows of Resources	32,264.03	-	32,264.03
Fund Balances:			
Non-Spendable			
Prepaid Expenses	26,041.24		26,041.24
Restricted			
Streets	267,996.58		267,996.58
Cemetery	126,867.97		126,867.97
Public Safety	125,724.11		125,724.11
Economic Development	20,126.77		20,126.77
Stabilization by State Statute	1,305,976.96		1,305,976.96
Assigned			
Subsequent Year's Expenditures	-		-
Unassigned	843,299.08		843,299.08
Total Fund Balances	2,716,032.71	-	2,716,032.71
Total Liabilities and Fund Balances	3,846,883.52	302,834.91	4,149,718.43
Total Fund Balance			2,716,032.71
Amount reported for governmental activities in the statement of net position (Exhibit 1) are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			2,826,595
Net pension liability			(213,324)
Deferred outflows of resources related to pensions and OPEB			1,304,976
Deferred inflows of resources related to pensions and OPEB			(1,111,585)
Liabilities for earned revenues considered deferred inflows of resources in fund statements			19,091
Liabilities not due and payable in current period and not reported in net position as follows:			
Long-term notes payable		(356,512)	
Net pension obligation-separation allowance		(755,338)	
Compensated absences payable		(114,538)	
Net OPEB obligation		(3,624,831)	(4,851,219)
Total Net Position of Governmental Activities			690,567

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

Town of Mayodan, North Carolina
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

Exhibit 4

	Major		Total
	General Fund	American Rescue Plan Act Fund	Governmental Funds
Revenues:			
Ad valorem taxes	1,656,833.76		1,656,833.76
Other taxes	796,991.79		796,991.79
Unrestricted intergovernmental revenues	293,354.48		293,354.48
Restricted intergovernmental revenues	210,199.57	76,733.75	286,933.32
Permits and fees	1,220.00		1,220.00
Sales and services	307,646.11		307,646.11
Investment earnings	2,675.30		2,675.30
Insurance claims	9,732.31		9,732.31
Contributions and grants:	-		-
Private foundations and not-for-profits	10,000.00		10,000.00
Sale of surplus assets	28,450.00		28,450.00
Miscellaneous	13,827.53		13,827.53
Total revenues	3,330,930.85	76,733.75	3,407,664.60
Expenditures:			
General government	458,275.54		458,275.54
Public safety	1,526,081.03		1,526,081.03
Transportation	460,390.95		460,390.95
Economic development	124,748.15		124,748.15
Environmental protection	175,320.46		175,320.46
Cultural and recreational	416,308.95		416,308.95
Cemetery	2,449.86		2,449.86
Debt Service	44,573.88		44,573.88
Special appropriations	5,500.00		5,500.00
Total expenditures	3,213,648.82	-	3,213,648.82
Revenue over (under) expenditures	117,282.03	76,733.75	194,015.78
Other financing sources (uses)			
Loan Proceeds	168,822.00	-	168,822.00
Operating transfers (to) from other funds, net	20,430.75	(76,733.75)	(56,303.00)
	189,252.75	(76,733.75)	112,519.00
Increase (decrease) in fund balance	306,534.78	-	306,534.78
Fund balance, beginning of year,	2,409,497.93	-	2,409,497.93
Fund balance, end of year	2,716,032.71	-	2,716,032.71

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

Town of Mayodan, North Carolina
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2022

Exhibit 4
(continued)

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

Net changes in fund balances - total governmental funds		306,535
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	370,172	
Depreciation	<u>(236,666)</u>	133,506

Contributions to pension and OPEB plans in the current year are not included in the statement of activities as expenses.

Pension	126,262	
OPEB	105,497	
Police officer separation payments	<u>24,210</u>	255,969

Revenues in the statement of activities that do not provide current financial resources are not reported revenues in the funds.

Change in unavailable revenue		4,556
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The issuance of long-term debt provides current financial resources to governments funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt	(168,822)	
Principal payments on long-term debt	<u>39,583</u>	(129,239)

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

Compensated absences	(5,901)	
Net OPEB Obligation	(752,963)	
Net Pension Obligation - Police Officer Separation	(89,540)	
Pension expense	<u>(92,665)</u>	<u>(941,069)</u>

Total changes in net assets of governmental activities		<u><u>(369,742)</u></u>
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The notes to the financial statements are an integral part of this statement.

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2022

Exhibit 5

General Fund				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
Ad valorem taxes	1,595,075.00	1,595,075.00	1,656,833.76	61,758.76
Other taxes	610,200.00	610,200.00	796,991.79	186,791.79
Unrestricted intergovernmental Revenues	287,000.00	287,000.00	293,354.48	6,354.48
Restricted intergovernmental Revenues	183,819.25	211,750.00	210,199.57	(1,550.43)
Permits and Fees	500.00	500.00	1,220.00	720.00
Sales and Services	284,450.00	284,450.00	307,646.11	23,196.11
Investment earnings	3,100.00	3,100.00	2,675.30	(424.70)
Insurance claims	-	9,731.00	9,732.31	1.31
Contributions and grants:				
Private foundations and not-for-profits	-	10,000.00	10,000.00	-
Miscellaneous	4,300.00	4,300.00	4,066.63	(233.37)
Sale of assets	1,000.00	8,750.00	28,450.00	19,700.00
Miscellaneous	1,000.00	5,000.00	9,760.90	4,760.90
Total Revenue	2,970,444.25	3,029,856.00	3,330,930.85	301,074.85
General government	401,864.00	467,556.00	458,275.54	9,280.46
Public safety	1,493,800.00	1,594,257.93	1,526,081.03	68,176.90
Transportation	347,650.00	534,952.00	460,390.95	74,561.05
Economic development	140,030.00	134,992.00	124,748.15	10,243.85
Environmental protection	212,300.00	212,300.00	175,320.46	36,979.54
Cultural and recreational	394,571.00	428,551.00	416,308.95	12,242.05
Cemetery	5,000.00	5,000.00	2,449.86	2,550.14
Debt Service	45,160.00	45,160.00	44,573.88	586.12
Special Appropriations	5,500.00	5,500.00	5,500.00	-
Total Expenditures	3,045,875.00	3,428,268.93	3,213,648.82	214,620.11
Revenue over (under) Expenditures	(75,430.75)	(398,412.93)	117,282.03	515,694.96
Other financing sources (uses)				
Loan proceeds	-	168,822.00	168,822.00	-
Transfer from American Rescue Plan Act	27,930.75	27,930.75	27,930.75	
Operating transfer from (to) other funds	(27,500.00)	(37,500.00)	(7,500.00)	30,000.00
Fund Balance Appropriated	75,000.00	239,160.18	-	(239,160.18)
	75,430.75	398,412.93	189,252.75	(209,160.18)
Excess of Revenues and Other Sources Over (under) Expenditures and other uses	-	-	306,534.78	306,534.78
Fund balance, beginning of year			2,409,497.93	
Fund balance, end of year			2,716,032.71	

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

Town of Mayodan, North Carolina
Proprietary Fund - Water and Sewer Fund
Statement of Net Position
For the Year Ended June 30, 2022

Exhibit 6

Assets:	Enterprise Fund
Current assets:	
Cash and temporary investments	1,948,067.73
Accounts receivable-customers (net of estimated uncollectible accounts)	454,822.90
Inventory	165,165.24
Due from other governments	222,937.37
Total current assets	2,790,993.24
Non-current assets:	
Due from other governments	189,812.81
Restricted assets:	
Cash and temporary investments	82,494.39
Capital assets (net of accumulated depreciation)	13,648,349.47
Total assets	16,711,649.91
Deferred outflows of resources	
Pension deferrals	178,901.45
OPEB deferrals	327,168.64
Total deferred outflows of resources	506,070.09
Total assets and deferred outflow of resources	17,217,720.00
Liabilities, Deferred Inflows of Resources and Net Position:	
Liabilities:	
Current liabilities:	
Accounts payable	20,697.76
Accrued salaries	26,642.02
Customer deposits	45,144.98
Due to Other Funds	9,630.52
Notes payable - current maturities	292,387.52
Total current liabilities	394,502.80
Other liabilities:	
Accrued vacation pay	54,164.46
Net pension liability	114,866.50
Notes payable - non-current maturities	480,068.95
Net OPEB obligation	1,605,050.48
Unearned revenue	537,802.92
Total other liabilities	2,791,953.31
Total liabilities	3,186,456.11
Deferred inflows of resources:	
Pension deferrals	166,408.90
OPEB deferrals	336,273.40
Total deferred outflows of resources	502,682.30
Net Position:	
Net Investment in capital assets	12,875,893.00
Unrestricted	652,688.59
Total Net Position	13,528,581.59
Total liabilities, deferred inflows of resources and net position	17,217,720.00

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

Town of Mayodan
Statement of Revenues, Expenses
and Changes in Fund Net Position
Proprietary Fund - Water and Sewer Fund
For the Year Ended June 30, 2022

Exhibit 7

	<u>Enterprise Fund</u>
Operating Revenue:	
Water and sewer charges	2,878,152.68
Other operating revenues	<u>257,047.55</u>
Total revenues	<u>3,135,200.23</u>
Operating expenses:	
Water Department	277,830.67
Water Plant	457,788.14
Sewer Department	318,024.16
Waste Water Treatment Plant	423,569.88
Utility Service Fee	<u>90,000.00</u>
Total operating expenses other than depreciation	1,567,212.85
Depreciation	<u>547,700.85</u>
Total operating expenses	<u>2,114,913.70</u>
Net operating income	<u>1,020,286.53</u>
Non-operating revenues (expenses)	
Interest income	16,702.04
Transfer from ARPA Fund	48,803.00
Transfer from General Fund to retire debt	7,500.00
Insurance Claims	32,388.12
Interest expense	<u>(29,497.39)</u>
Net non-operating revenue (expense)	<u>75,895.77</u>
Net Income/(Loss)	1,096,182.30
Total Net Position - beginning of year	<u>12,432,399.29</u>
Total Net Position - end of year	<u><u>13,528,581.59</u></u>

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

Town of Mayodan, North Carolina
Statement of Cash Flows
Proprietary Fund - Water and Sewer Fund
For the Year Ended June 30, 2022

Exhibit 8

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	2,761,302.39
Cash paid for goods & services	(1,031,186.65)
Cash paid to employees	(1,198,640.90)
Customer deposits returned	2,968.94
Other operating revenue	<u>56,762.26</u>
Net cash provided by operating activities	<u>591,206.04</u>
Cash flows from non-capital financing activities:	
Increase (decrease) in due to other funds	(6,142.03)
(Increase) decrease in due from other funds	<u>-</u>
Net cash used by non-capital financing activities	<u>(6,142.03)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(121,776.00)
Insurance claims received	32,388.12
Principal paid on bond and equipment contracts	(324,177.36)
Interest paid on bonds and equipment contracts	(29,497.39)
Transfer from ARPA Fund	48,803.00
Contribution from General Fund for retirement of debt on public works building	<u>7,500.00</u>
Net cash used by capital and related financing activities	<u>(386,759.63)</u>
Cash flows from investing activities:	
Interest on investments	1,554.99
Interest Received From other governments	15,147.05
Principal Received from other governments	<u>189,871.82</u>
Net cash used for investing activities	<u>206,573.86</u>
Net increase (decrease) in cash and cash equivalents	404,878.24
Cash and cash equivalents at beginning of year	<u>1,625,683.88</u>
Cash and cash equivalents at end of year	<u>2,030,562.12</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income (Loss)	<u>1,020,286.53</u>
Adjustments to reconcile operating income (Loss) to net cash provided by operating activities:	
Depreciation	547,700.85
Amortization of revenue from Waste Water Treatment Rights	(189,812.82)
Change in assets and Liabilities:	
(Increase) decrease in accounts receivables customers	(127,322.77)
(Increase) decrease in inventories	(74,596.10)
Net pension expense	(12,875.51)
Net OPEB expense	(590,844.73)
Increase (decrease) in accounts payable	17,320.86
Increase (decrease) in customer deposits	2,968.95
Increase (decrease) in accrued salaries	4,443.66
Increase (decrease) in accrued vacation pay	<u>(6,062.88)</u>
Total Adjustments	<u>(429,080.49)</u>
Net cash provided by operating activities	<u>591,206.04</u>

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022

Exhibit 9

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Mayodan 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 Mayodan is a municipal corporation which is governed by an elected mayor and five-member council.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the 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 emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental are aggregated and reported as non-major 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. Non-operating revenues, such as subsidies result from non-exchange transactions. Other non-operating revenues are ancillary activities such as investment earnings.

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022

Exhibit 9

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state shared revenues. The primary expenditures are for public safety, streets, sanitation, recreation and general government services.

American Rescue Plan Act Fund – The Special Revenue Fund is used to account for the proceeds of the transactions related to the American Rescue Plan Act Funds.

The Town reports the following major enterprise fund:

Water and Sewer Fund – The Town of Mayodan has one enterprise fund: the Water and Sewer Fund.

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. Nonexchange 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 operation. The principal operating revenues of the Town's 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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022

Exhibit 9

new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 assets 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 shared revenue for the Town because the tax is levied by Rockingham County and then remitted to and distributed by the State. Intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2022

Exhibit 9

Total fund balance – General Fund	2,716,032.71
Less:	
Prepaid Expenses	26,041.24
Stabilization by State Statute	1,305,976.96
Streets – Powell Bill	267,996.58
Cemetery	126,867.97
Public Safety	125,724.11
Economic Development	20,126.77
Remaining Fund Balance	<u>843,299.08</u>

III. Joint Venture

The Town, in conjunction with the Town of Madison, North Carolina, participates in the Madison-Mayodan Recreation Commission. Each participating government appoints three members to the six member board. The Madison-Mayodan Recreation Commission is a joint venture established to promote recreation and improve the quality of life for the citizens of the two Towns. The Town contributed \$185,989.00 to the Commission during the fiscal year ended June 30, 2022. The Town of Madison contributed a similar amount.

The Town of Mayodan owns the land and building used by the facility and these are included in the capital assets of the Town. The Towns act jointly to approve the Commissions budget and are responsible for the Commissions deficits, should any occur. The personal property of the Commission is owned by the Commission. The fact that the Commission is an evenly divided venture of the Towns precludes consideration of the Commissions financial statements with those of the Town. Complete Financial Statements for the Madison-Mayodan Recreation Commission can be obtained from the Commissions Administrative Offices at 300 S. Second Avenue, Mayodan, NC 27027.

IV. Summary Disclosure of Significant Contingencies of Federal and State Assisted Programs

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

V. Subsequent Events

Management has evaluated subsequent events through November 3, 2022, the date on which these financial statements were available to be issued.

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

Exhibit A-1

	Local Government Employees' Retirement System								
	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town of Mayodan's proportion of the net pension liability (asset) (%)	0.02140%	0.02140%	0.02073%	0.0227%	0.0217%	0.0222%	.02360%	(.02049%)	0.0205%
Town of Mayodan's proportion of the net pension liability (asset) (\$)	328,190	764,713	566,120	538,522	331,516	470,522	105,916	(120,839)	263,979
Town of Mayodan's covered-employee payroll	1,637,568	1,526,109	1,451,242	1,420,151	1,441,042	1,382,278	1,382,230	1,255,973	1,241,672
Town of Mayodan's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	20.04%	50.11%	39.01%	37.92%	23.01%	34.04%	7.66%	-9.62%	21.26%
Plan fiduciary net position as a percentage of the total pension liability**	95.51%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	98.45%

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

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

Town of Mayodan, North Carolina
Town of Mayodan's Contributions
Required Supplementary Information
Last Nine Fiscal Years

Exhibit A-2

Local Government Employees' Retirement System

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 192,404	\$ 161,438	\$ 136,917	\$ 116,451	\$ 114,055	\$ 105,689	\$ 96,462	\$ 101,167	\$ 91,286
Contributions in relation to the									
Contractually required contribution	\$ 192,404	\$ 161,438	\$ 136,917	\$ 116,451	\$ 114,055	\$ 105,689	\$ 96,462	\$ 101,167	\$ 91,286
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Mayodan's covered-employee payroll	\$ 1,637,568	\$ 1,526,109	\$ 1,451,242	\$ 1,420,151	\$ 1,441,042	\$ 1,371,949	\$ 1,382,278	\$ 1,382,230	\$ 1,255,973
Contributions as a percentage of covered-employee payroll	11.75%	10.58%	9.43%	8.20%	7.91%	7.70%	6.98%	7.32%	7.27%

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

Exhibit A-3

Local Firefighters' and Rescue Squad Workers' Retirement System		2022	2021	2020	2019	2018	2017	2016	2015
Town of Mayodan's proportion of the net pension (asset) liability (%)		0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Town of Mayodan's proportion of the net pension (asset) liability (\$)		-	-	-	-	-	-	-	-
State's proportionate share of the net pension (asset) liability associated with Town of Mayodan		(13,585)	17,994	19,415	26,848	24,002	19,529	20,230	14,927
Total		(13,585)	17,994	19,415	26,848	24,002	19,529	20,230	14,927
Town of Mayodan's covered-employee payroll		69,180	73,417	67,331	59,038	73,918	60,123	55,033	54,810
Town of Mayodan's proportionate share of the net pension liability as a percentage of its covered-employee payroll		-19.64%	24.51%	28.84%	45.48%	32.47%	32.48%	36.76%	27.23%
Plan fiduciary net position as a percentage of the total pension liability		89.69%	89.35%	84.94%	91.40%	93.42%	92.76%	91.45%	93.42%

Town of Mayodan, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Last Five Fiscal Years

	Exhibit A-4				
	2022	2021	2020	2019	2018
Beginning Balance	650,358	449,498	463,415	489,231	420,584
Service Cost	34,793	19,926	16,608	18,541	16,576
Interest on the total pension liability	12,318	14,259	16,428	15,077	16,082
Change in benefit terms	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	100,571	28,926	(34,222)	(18,913)	18,479
Changes in assumptions or other inputs	(18,492)	161,959	11,479	(16,311)	25,421
Benefit payments	(24,210)	(24,210)	(24,210)	(24,210)	(7,911)
Other changes	-	-	-	-	-
Ending balance of the total pension liability	755,338	650,358	449,498	463,415	489,231

Town of Mayodan, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Year Ended June 30, 2022

	2022	2021	2020	2019	2018
Total pension liability	755,338	650,358	449,498	463,415	489,231
Covered payroll	789,365	703,643	641,016	650,268	674,357
Total pension liability as a percentage of covered payroll	95.69%	92.43%	70.12%	71.27%	72.55%

Notes to the schedule:

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

Town of Mayodan, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
Year Ended June 30, 2022

	Exhibit A-6			
Total OPEB Liability	2022	2021	2020	2019
Service Cost	\$ 149,295	\$ 97,197	\$ 132,164	\$ 141,481
Interest on the total pension liability	132,821	167,480	175,864	163,915
Change in benefit terms	-	-	-	-
Differences between expected and actual experience				
in the measurement of the total pension liability	(1,090,570)	(5,406)	26,788	45,257
Changes in assumptions or other inputs	256,971	1,077,911	2,679	(264,491)
Benefit payments	(157,822)	(170,425)	(170,334)	(169,044)
Net Change in Total OPEB Liability	(709,305)	1,166,757	167,161	(82,882)
Total OPEB Liability - beginning	5,939,186	4,772,429	4,605,268	4,688,150
Total OPEB Liability - ending	5,229,881	5,939,186	4,772,429	4,605,268
Covered-employee payroll	\$ 1,064,284	\$ 981,190	\$ 981,190	\$ 1,337,811
Total OPEB Liability as a percentage of covered-employee payroll	491.40%	605.30%	486.39%	344.24%
				350.43%

Town of Mayodan, North Carolina
General Fund Comparative Balance Sheets
June 30, 2022 and June 30, 2021

Exhibit B-1

	June 30, 2022	June 30, 2021
Assets		
Current Assets:		
Cash and Investments	1,967,927.10	1,766,587.86
Restricted Cash and Investments	1,540,715.43	436,797.16
Receivables (net)		
Taxes	19,091.11	14,535.06
Accounts Receivable	39,530.43	35,622.81
Street Assessments Receivable	13,172.92	13,172.92
Prepaid Expenses	26,041.24	39,034.11
Due from other funds	7,477.02	15,772.55
Due from other Governmental Units	232,928.27	205,404.35
Total Assets	3,846,883.52	2,526,926.82
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts Payable and Accrued Liabilities	98,586.78	89,720.91
Unearned Revenue - Washington Mills	1,000,000.00	
Total liabilities	1,098,586.78	89,720.91
Deferred Inflows of Resources		
Street Assessments Receivable	13,172.92	13,172.92
Property Taxes Receivable	19,091.11	14,535.06
Total Deferred Inflows of Resources	32,264.03	27,707.98
Fund Balances:		
Non-Spendable		
Prepaid Expenses	26,041.24	39,034.11
Restricted		
Streets	267,996.58	188,649.80
Cemetery	126,867.97	114,468.34
Public Safety	125,724.11	115,557.62
Economic Development	20,126.77	20,121.40
Stabilization by State Statute	1,305,976.96	295,833.82
Assigned		
Subsequent Year's Expenditures	-	35,000.00
Unassigned	843,299.08	1,600,832.84
Total Fund Balances	2,716,032.71	2,409,497.93
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	3,846,883.52	2,526,926.82

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2022
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2021)

Exhibit B-2

	2022			2021
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Ad valorem taxes:				
Current Year:				
Property	1,482,000.00	1,540,072.77	58,072.77	1,464,375.69
Motor Vehicles	96,075.00	111,044.42	14,969.42	103,086.52
Prior year - Property Taxes	10,000.00	5,846.14	(4,153.86)	11,690.65
Motor Vehicles	-	-	-	21.00
Penalties and interest	3,000.00	3,906.51	906.51	3,681.12
Penalties and interest - DMV	-	-	-	15.11
Late Listing Penalties	4,000.00	1,029.53	(2,970.47)	6,869.08
	1,595,075.00	1,661,899.37	66,824.37	1,589,739.17
Less: Rockingham County Collection Fee				
Motor Vehicle Tax	-	3,871.29	(3,871.29)	3,552.25
Less: Discounts & Refunds	-	1,194.32	(1,194.32)	866.57
	1,595,075.00	1,656,833.76	61,758.76	1,585,320.35
Other Taxes & Licenses:				
Local option sales taxes	610,000.00	796,697.79	186,697.79	684,555.97
Privilege license	200.00	187.50	(12.50)	180.00
Dog license	-	106.50	106.50	133.50
	610,200.00	796,991.79	186,791.79	684,869.47
Unrestricted intergovernmental				
Revenues:				
Beer and wine	10,000.00	9,604.49	(395.51)	10,002.83
Franchise tax	260,000.00	283,749.99	23,749.99	255,610.59
Telecommunications Tax	17,000.00	-	(17,000.00)	-
	287,000.00	293,354.48	6,354.48	265,613.42
Restricted intergovernmental				
Revenues:				
Powell Bill funding	68,000.00	78,872.38	10,872.38	66,576.89
County Fire Department Funding	2,400.00	2,400.00	-	2,400.00
Madison & Mayodan Fire District	102,000.00	102,099.00	99.00	101,598.00
On Behalf of Payments -				
Firemen's Pension Fund	7,000.00	(1,496.20)	(8,496.20)	7,203.00
Solid Waste Disposal Tax	1,225.00	1,824.49	599.49	2,225.33
Grants:				
NCLM Body Armor Grant	-	2,500.00	2,500.00	-
NC Highway Safety Grant	7,125.00	-	(7,125.00)	-
Cares Act	-	-	-	55,516.00
NC Gov. Crime Commission	24,000.00	23,999.90	(0.10)	17,721.75
	211,750.00	210,199.57	(1,550.43)	253,240.97

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2022
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2021)

Exhibit B-2

	2022			2021
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Permits & Fees:				
Building Permits and Inspection Fees	500.00	1,220.00	720.00	2,010.00
Sales and Services:				
Solid waste fees	175,000.00	179,296.93	4,296.93	154,351.94
Sale of cemetery plots	10,000.00	14,600.00	4,600.00	19,400.00
Dog pound fees	100.00	32.76	(67.24)	195.00
Jail and arrests	500.00	1,152.50	652.50	369.00
Farris Park revenue	7,350.00	20,756.54	13,406.54	15,728.87
Truck Use Fees	1,500.00	1,807.38	307.38	1,931.30
Reimbursement - Administration Fee from W/S	90,000.00	90,000.00	-	90,000.00
	284,450.00	307,646.11	23,196.11	281,976.11
Investment Earnings:				
Investment earnings - General Fund	2,400.00	1,951.41	(448.59)	2,427.53
Investment earnings - Powell Bill	450.00	474.40	24.40	518.58
Investment earnings - Cemetery	250.00	249.49	(0.51)	346.49
	3,100.00	2,675.30	(424.70)	3,292.60
Insurance claims	9,731.00	9,732.31	1.31	-
Miscellaneous:				
Miscellaneous	2,500.00	5,877.90	3,377.90	9,117.96
Miscellaneous - Police	2,500.00	3,883.00	1,383.00	5,803.30
Donations:				
McMichael Foundation	10,000.00	10,000.00	-	10,000.00
Farris Park	4,300.00	3,901.00	(399.00)	3,864.00
Miscellaneous		165.63	165.63	215.00
Sale of assets	8,750.00	28,450.00	19,700.00	1,853.00
	28,050.00	52,277.53	24,227.53	30,853.26
Total Revenues	3,029,856.00	3,330,930.85	301,074.85	3,107,176.18

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2022
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2021)

Exhibit B-2

	2022			2021
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures:				
General government:				
Governing Body:				
Salaries	11,400.00	11,400.00	-	11,400.00
FICA tax	900.00	872.40	27.60	872.40
Life insurance	205.00	165.80	39.20	127.68
Dental insurance	2,520.00	2,130.00	390.00	2,232.00
Vision insurance	720.00	497.00	223.00	504.00
Travel, schools, conventions	5,400.00	4,174.53	1,225.47	678.84
	<u>21,145.00</u>	<u>19,239.73</u>	<u>1,905.27</u>	<u>15,814.92</u>
Administrative:				
Salaries	100,531.00	96,743.63	3,787.37	78,720.69
FICA tax	7,544.00	7,687.21	(143.21)	5,924.57
Group medical insurance	11,828.00	12,576.76	(748.76)	9,738.97
Group dental insurance	330.00	360.00	(30.00)	372.00
Vision insurance	84.00	91.00	(7.00)	84.00
Retirement	11,445.00	11,084.79	360.21	8,086.67
Supplemental retirement	4,848.00	4,701.31	146.69	3,909.65
Attorney's fees	5,000.00	3,245.00	1,755.00	2,126.00
League and institute fees	1,300.00	11,388.00	(10,088.00)	869.01
Auto expense-Town Manager	5,200.00	5,200.00	-	4,800.00
Office supplies and expense	4,911.00	3,925.76	985.24	2,087.46
Postage supplies	2,300.00	1,881.62	418.38	2,505.51
Travel, schools, training	162.00	161.25	0.75	614.00
Audit fee	9,400.00	9,400.00	-	13,400.00
Workman's compensation	13,941.00	13,940.58	0.42	11,902.74
Insurance and bond	14,754.00	14,753.88	0.12	13,874.31
Utilities	5,502.00	4,926.40	575.60	4,085.19
Telephone	11,367.00	11,361.64	5.36	9,411.19
Software/hardware	9,029.00	8,726.00	303.00	24,339.94
Computer maintenance	1,295.00	1,150.65	144.35	1,475.84
Service agreements	4,541.00	3,999.09	541.91	3,619.89
Miscellaneous	4,287.00	5,163.16	(876.16)	5,124.05
Drug testing	663.00	663.00	-	360.00
Election expense	4,227.00	4,226.32	0.68	-
Dan River Basin Association	435.00	435.00	-	435.00
Madison - Rockingham Rescue	2,000.00	2,000.00	-	-
Mayodan Arts Center	1,000.00	1,000.00	-	-
Actuarial studies	1,825.00	373.40	1,451.60	-
	<u>239,749.00</u>	<u>241,165.45</u>	<u>(1,416.45)</u>	<u>207,866.68</u>

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2022
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2021)

Exhibit B-2

	2022			2021
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Finance Department:				
Salaries	80,609.00	77,151.09	3,457.91	70,170.24
FICA tax	6,127.00	6,161.10	(34.10)	5,266.84
Medical insurance	9,653.67	10,177.23	(523.56)	9,497.16
Dental insurance	510.00	540.00	(30.00)	743.00
Vision insurance	112.00	119.00	(7.00)	168.00
Retirement	8,961.00	8,761.86	199.14	7,201.39
Supplemental retirement	3,930.00	3,927.71	2.29	3,582.78
Computer maintenance	1,340.00	1,128.75	211.25	946.74
Office supplies	3,635.33	1,709.37	1,925.96	1,197.37
Miscellaneous	165.00	162.49	2.51	219.04
Tax processing and collection service	8,095.00	8,093.10	1.90	7,925.61
Credit card transactions	6,869.00	6,577.63	291.37	5,515.36
Travel, schools, training	1,450.00	1,443.69	6.31	2,424.78
	<u>131,457.00</u>	<u>125,953.02</u>	<u>5,503.98</u>	<u>114,858.31</u>
Public Buildings:				
Utilities	1,860.00	1,608.01	251.99	6,561.70
Land Management	1,000.00	154.10	845.90	-
101 N 10th Ave. Maintenance	1,060.00	1,058.00	2.00	-
Janitorial services	3,790.00	3,637.60	152.40	3,180.00
Repairs	7,260.00	6,814.03	445.97	1,656.15
Playground Safety Zone	1,500.00	1,500.00	-	1,435.98
10th Avenue Utilities	5,735.00	4,645.60	1,089.40	1,296.83
Capital Outlay	53,000.00	52,500.00	500.00	21,613.07
	<u>75,205.00</u>	<u>71,917.34</u>	<u>3,287.66</u>	<u>35,743.73</u>
Total General Government	<u>467,556.00</u>	<u>458,275.54</u>	<u>9,280.46</u>	<u>374,283.64</u>
Public Safety:				
Police Department:				
Salaries F/T and P/T	819,858.75	779,062.62	40,796.13	749,790.85
FICA tax	60,435.00	60,669.29	(234.29)	55,842.47
Medical insurance	156,190.09	168,868.29	(12,678.20)	154,000.36
Dental insurance	4,616.00	5,066.00	(450.00)	5,952.00
Vision insurance	1,064.00	1,169.00	(105.00)	1,260.00
401K retirement	39,650.00	37,813.40	1,836.60	36,395.66
Police officers' retirement	96,410.00	91,055.70	5,354.30	78,904.92
Separation allowance	24,225.00	24,210.36	14.64	24,210.36
Animal Control	2,500.00	1,959.99	540.01	1,389.71
Uniforms	8,500.00	7,732.18	767.82	7,394.58
Radio and equipment repairs	2,500.00	1,468.98	1,031.02	1,459.50
Schools and training	3,500.00	2,826.70	673.30	1,155.36
Police Dept. supplies	3,000.00	2,138.08	861.92	2,536.18
Miscellaneous	5,375.91	6,891.30	(1,515.39)	6,232.52
Auto maintenance	33,481.00	28,902.87	4,578.13	16,703.99
Gas and oil	28,360.00	28,350.06	9.94	16,890.10
Police information network	1,020.00	1,020.00	-	1,020.00
Telephone	10,000.00	9,397.49	602.51	9,524.64
Utilities	6,000.00	4,564.43	1,435.57	5,512.71

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2022
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2021)

Exhibit B-2

	2022			2021
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Office supplies	2,650.00	1,397.20	1,252.80	568.24
Firearms training ammunition	4,500.00	4,259.02	240.98	3,922.90
Investigation fund	809.00	169.75	639.25	607.56
Office repairs	2,175.00	2,174.02	0.98	2,584.52
Computer software	13,250.00	13,248.87	1.13	13,049.54
Legal and Professional	7,600.00	7,599.00	1.00	5,699.00
Non-capital equipment	7,550.00	7,456.60	93.40	6,724.02
Capital outlay:				
Body armor	8,100.00	6,838.18	1,261.82	-
NC Crime Comm Equipment Grant	24,000.00	23,999.97	0.03	-
Equipment purchase	18,566.18	18,562.50	3.68	17,745.92
Police vehicles	42,272.00	39,607.83	2,664.17	39,033.70
Total Police Department	1,438,157.93	1,388,479.68	49,678.25	1,266,111.31
Fire Department:				
Salaries: Fire Chief	2,640.00	2,640.00	-	2,640.00
Sec. Treas.	600.00	600.00	-	600.00
Full-Time/Part-Time Position	23,208.00	19,823.27	3,384.73	27,374.40
FICA tax	5,250.00	4,983.74	266.26	5,404.08
On behalf of payments -	977.00	976.47	0.53	-
Firemen's Pension Fund	5,000.00	(1,496.20)	6,496.20	7,203.00
Telephone	3,500.00	2,796.89	703.11	3,229.07
Utilities	5,800.00	5,237.86	562.14	4,752.23
Accident insurance	2,813.00	2,813.00	-	2,813.00
Truck maintenance	12,100.00	12,062.35	37.65	11,680.04
Gas and oil	5,700.00	4,143.58	1,556.42	2,213.17
Turn out wear	6,370.00	6,369.67	0.33	3,940.38
Drills & fire calls	43,609.00	46,117.00	(2,508.00)	42,803.00
Dues: NCF Association	1,100.00	1,012.00	88.00	946.00
Schools and training	2,623.00	2,585.29	37.71	2,247.10
Miscellaneous	500.00	389.00	111.00	492.27
Dues: N. C. Pension	1,300.00	1,080.00	220.00	1,070.00
Building maintenance	5,000.00	1,239.33	3,760.67	805.50
Equipment repairs	4,000.00	3,383.59	616.41	3,519.78
Hose and nozzles	4,275.00	4,270.46	4.54	3,747.18
Departmental supplies	2,600.00	2,526.64	73.36	2,942.88
Maintenance-air system	1,500.00	988.33	511.67	1,909.77
Fire education and prevention	600.00	585.50	14.50	410.50
Fire Program Software	500.00	260.00	240.00	-
Communications Equipment	3,000.00	692.00	2,308.00	-
Office supplies	560.00	550.55	9.45	774.12
Capital outlay:				
Equipment-Fire fighting	10,975.00	10,971.03	3.97	22,557.71
Total Fire Department	156,100.00	137,601.35	18,498.65	156,075.18
Total Public Safety	1,594,257.93	1,526,081.03	68,176.90	1,422,186.49

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2022
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2021)

Exhibit B-2

	2022			2021
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Transportation:				
Street department:				
Salaries	64,480.00	60,727.29	3,752.71	51,038.55
FICA tax	5,000.00	4,745.91	254.09	3,818.54
Medical insurance	27,445.49	29,634.29	(2,188.80)	26,095.28
Dental insurance	630.00	690.00	(60.00)	775.00
Vision insurance	147.00	161.00	(14.00)	189.00
Retirement	6,950.00	6,463.89	486.11	5,060.86
Supplemental retirement	2,925.00	2,810.46	114.54	2,406.26
Employee telephone allowance	550.00	520.00	30.00	510.00
Equipment maintenance	10,707.00	8,677.47	2,029.53	5,669.95
Paving & street maintenance	12,126.00	9,661.67	2,464.33	25,334.03
Building maintenance	2,275.00	1,647.12	627.88	509.72
Street signs and paint	3,500.00	3,308.99	191.01	3,266.22
Truck maintenance	19,815.00	16,198.93	3,616.07	19,459.84
Gas and oil	10,500.00	9,535.99	964.01	5,935.96
Street lights	30,760.00	30,758.11	1.89	28,231.76
Miscellaneous	1,564.00	3,126.80	(1,562.80)	1,361.95
Open & maintain alleys	4,000.00	1,086.78	2,913.22	4,459.37
Public works building utilities	8,800.00	6,596.80	2,203.20	6,471.73
Uniforms	3,000.00	1,408.94	1,591.06	1,118.08
Public works telephone	2,000.00	1,843.69	156.31	2,278.88
Departmental supplies	10,900.00	8,182.35	2,717.65	3,181.49
Sidewalk repairs	4,828.01	1,500.00	3,328.01	218.28
Christmas Lights	19,000.00	2,976.37	16,023.63	509.05
Curb and guttering - Repairs	20,664.00	15,663.58	5,000.42	4,068.60
Winter Street Prep	5,000.00	4,776.88	223.12	-
Drainage Pipe	9,000.00	2,715.60	6,284.40	20,236.46
Equipment purchase	-	-	-	6,761.05
Resurfacing	35,000.00	35,300.00	(300.00)	68,850.00
Bad Debts	-	-	-	(5,321.58)
	<u>321,566.50</u>	<u>270,718.91</u>	<u>50,847.59</u>	<u>292,494.33</u>
Capital Outlay:				
Resurfacing - Powell Bill	40,000.00	-	40,000.00	-
Vehicle	170,885.50	168,822.00	2,063.50	-
Equipment	2,500.00	20,850.04	(18,350.04)	-
	<u>534,952.00</u>	<u>460,390.95</u>	<u>74,561.05</u>	<u>292,494.33</u>
Economic Development:				
Miscellaneous	1,000.00	1,000.00	-	1,000.00
Economic Incentives:				
Sturm Ruger Incentives	127,892.00	120,443.23	7,448.77	72,865.63
Blow Molded Solutions Incentive	3,600.00	3,229.92	370.08	9,414.28
	<u>132,492.00</u>	<u>124,673.15</u>	<u>7,818.85</u>	<u>83,279.91</u>

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2022
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2021)

Exhibit B-2

	2022			2021
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Planning and Zoning:				
Planning expenses	1,000.00	75.00	925.00	2,701.21
Code enforcement	500.00	-	500.00	-
Miscellaneous	1,000.00	-	1,000.00	500.00
Total Planning and Zoning	2,500.00	75.00	2,425.00	3,201.21
Total Economic Development	134,992.00	124,748.15	10,243.85	86,481.12
Environmental Protection:				
Sanitation department:				
Medical insurance	4,106.00	4,471.05	(365.05)	4,420.00
Recycling fees	39,100.00	38,194.68	905.32	46,485.66
Landfill fees	6,370.00	3,839.16	2,530.84	4,502.52
Miscellaneous	-	-	-	253.60
Brush disposal	18,000.00	11,466.35	6,533.65	-
Gas and oil	3,705.00	3,704.07	0.93	1,772.81
Roll-out trash containers	3,580.00	3,403.75	176.25	2,804.10
Solid waste contract	132,439.00	100,009.78	32,429.22	96,127.27
Bad debts	-	1,835.86	(1,835.86)	-
Fuel Surcharge	5,000.00	4,600.62	399.38	-
	212,300.00	171,525.32	40,774.68	156,365.96
Capital Outlay:				
Vehicle	-	3,795.14	(3,795.14)	-
Total Environmental Protection	212,300.00	175,320.46	36,979.54	156,365.96
Cultural and recreational:				
Farris park:				
Salaries	83,091.00	78,881.69	4,209.31	71,766.03
Part-time salaries	21,200.00	19,343.33	1,856.67	17,950.28
FICA tax	7,875.00	7,820.08	54.92	6,756.19
Medical insurance	28,115.00	30,379.08	(2,264.08)	27,318.30
Dental insurance	740.00	720.00	20.00	806.00
Vision insurance	240.00	168.00	72.00	168.00
Retirement	9,335.00	8,895.40	439.60	7,380.99
Supplemental retirement	4,075.00	3,867.59	207.41	3,569.40
Telephone	2,570.00	2,541.62	28.38	3,262.58
Employee telephone allowance	300.00	260.00	40.00	260.00
Truck maintenance	2,000.00	1,141.16	858.84	2,300.59
Driving range/miniature golf	1,370.00	967.42	402.58	791.60
Gravel	-	-	-	1,850.00
Ball field maintenance	1,155.00	905.64	249.36	829.48
Park maintenance	11,300.00	9,429.42	1,870.58	5,510.39
Utilities	5,540.00	5,532.39	7.61	7,352.87
Gas and Oil	6,685.00	5,448.43	1,236.57	4,760.57
Miscellaneous	474.00	2,135.83	(1,661.83)	667.51
Land management	8,665.00	8,662.69	2.31	1,355.23
Canteen concessions	3,800.00	3,599.35	200.65	3,599.94
Equipment maintenance	3,255.00	2,970.02	284.98	3,471.72

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2022
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2021)

Exhibit B-2

	2022			2021
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Canteen supplies	525.00	513.63	11.37	70.68
Canteen maintenance	2,395.00	2,394.35	0.65	1,302.64
Sales Tax	500.00	480.09	19.91	337.78
Contract Service Rec. Dept.	2,500.00	2,500.00	-	2,500.00
Office Supplies	83.67	83.67	-	70.20
Departmental Supplies	300.00	54.00	246.00	523.02
House Maintenance	1,175.00	1,173.11	1.89	1,356.80
Farmers market	745.00	660.54	84.46	2,789.58
Special Events			-	161.88
Elliott Duncan Park	1,075.00	567.39	507.61	386.43
Veteran's Park	200.00	151.50	48.50	447.18
3rd Avenue Park	1,000.00	945.19	54.81	639.24
Non-capital equipment			-	543.54
Park Improvements	4,192.33	2,902.34	1,289.99	11,091.89
Capital Outlay:				
Equipment purchase	25,975.00	24,225.00	1,750.00	-
	242,451.00	230,319.95	12,131.05	193,948.53
Madison - Mayodan Recreation				
Department:				
Recreation	186,100.00	185,989.00	111.00	150,564.56
Total cultural and recreational	428,551.00	416,308.95	12,242.05	344,513.09
Cemetery:				
Current Expenditure	5,000.00	2,449.86	2,550.14	4,517.34
Total Cemetery Expenses	5,000.00	2,449.86	2,550.14	4,517.34
Debt Service:				
Washington Mills Land Redevelopment				
Principal	-	-	-	5,000.00
Interest	-	-	-	8.16
Total Budget for Land Redevelopment	-	-	-	5,008.16
Fire Department:				
Principal	23,750.00	23,750.00	-	23,750.00
Interest	3,210.00	2,626.29	583.71	3,209.22
Total Budget for Fire Truck	26,960.00	26,376.29	583.71	26,959.22
Public Library:				
Principal	17,300.00	15,833.33	1,466.67	15,833.33
Interest	900.00	2,364.26	(1,464.26)	2,736.34
Total Budget for Public Library	18,200.00	18,197.59	2.41	18,569.67
Total Debt Service	45,160.00	44,573.88	586.12	50,537.05

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund
Balances, Budget and Actual
For the Year Ended June 30, 2022
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2021)

Exhibit B-2

	2022			2021
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Special Appropriations:				
Chamber of Commerce	4,000.00	4,000.00	-	4,000.00
Merchants Association Festival	1,500.00	1,500.00	-	1,500.00
Total Special Appropriations	5,500.00	5,500.00	-	5,500.00
Total Expenditures	3,428,268.93	3,213,648.82	214,620.11	2,736,879.02
Revenue over (under) Expenditures	(398,412.93)	117,282.03	515,694.96	370,297.16
Other financing sources (uses):				
Operating transfers-in (out):				
Transfer from Non-Major Funds	-	-	-	77,572.01
Contribution to Capital Reserve Fund(Fire)	(30,000.00)	-	30,000.00	-
Transfer from American Rescue Plan Act	27,930.75	27,930.75	-	-
Contribution to Water & Sewer Fund for Retirement of Debt on				
Public Works Building(Sanit & Street)	(7,500.00)	(7,500.00)	-	(7,500.00)
Public Safety Fund Balance Appropriation	19,976.18	-	(19,976.18)	-
Fund Balance Appropriation	179,184.00	-	(179,184.00)	-
Loan Proceeds	168,822.00	168,822.00	-	-
Powell Bill Fund Balance Appropriation	40,000.00	-	(40,000.00)	-
Total Other financing Sources(Uses)	398,412.93	189,252.75	(209,160.18)	70,072.01
Revenues and Financing Sources Over (Under) Expenditures and Other Financing uses	-	306,534.78	306,534.78	440,369.17
Fund balances:				
Beginning of year		2,409,497.93		1,969,128.76
End of year, June 30		2,716,032.71		2,409,497.93

Town of Mayodan, North Carolina
 Coronavirus State Local Fiscal Recovery Funds CFR 21.027 (ARPA Funds)
 Balance Sheet
 For the Fiscal Year Ended June 30, 2022

Exhibit C-1

	<u>June 30,</u> <u>2022</u>
Assets	
Restricted Cash and Investments	300,681.41
Due from Other Fund	<u>2,153.50</u>
Total Assets	<u><u>302,834.91</u></u>
Liabilities and Fund Balances	
Liabilities:	
Unearned Revenues	<u>302,834.91</u>
Total liabilities	<u><u>302,834.91</u></u>
Fund Balances:	
Unassigned	<u>-</u>
Total Fund Balances	<u><u>-</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>302,834.91</u></u>

Town of Mayodan, North Carolina
Coronavirus State Local Fiscal Recovery Funds CFR 21.027 (ARPA Funds)
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2022

Exhibit C-2

	2022				
	Budget	Prior Years	Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
ARPA Funds	379,568.66	-	76,733.75	76,733.75	302,834.91
Total Revenues	379,568.66	-	76,733.75	76,733.75	302,834.91
Expenditures:					
General Government					
Unassigned ARPA Expenditures	302,834.91	-	-	-	302,834.91
Total	302,834.91	-	-	-	302,834.91
Other financing sources (uses):					
Transfer Out - General Fund	(27,930.75)	-	(27,930.75)	(27,930.75)	-
Transfer Out - Water Sewer Fund	(48,803.00)	-	(48,803.00)	(48,803.00)	-
Total Other financing Sources(Uses)	(76,733.75)	-	(76,733.75)	(76,733.75)	-
Revenues and Other Sources Over (Under) Expenditures and Other Financing uses	-	-	-	-	-
Fund balances:					
Beginning of year				-	
End of year, June 30				-	

Town of Mayodan, North Carolina
Water and Sewer Fund
Statement of Net Position
June 30, 2022
(With Comparative Totals For June 30, 2021)

Exhibit D-1

	2022	2021
Assets:		
Current assets:		
Cash and temporary investments	1,948,067.73	1,546,267.30
Accounts receivable-customers (net of estimated uncollectible accounts)	454,822.90	327,500.13
Inventory	165,165.24	90,569.14
Due from other governments	222,937.37	222,996.38
Due from other funds - General Fund	-	-
Total current assets	2,790,993.24	2,187,332.95
Non-current assets:		
Due from other governments	189,812.81	379,625.59
Restricted assets:		
Cash and temporary investments	82,494.39	79,416.58
Capital assets (net of accumulated depreciation)	13,648,349.47	14,074,274.32
Total assets	16,711,649.91	16,720,649.44
Deferred outflows of resources		
Pension deferrals	178,901.45	148,130.86
OPEB deferrals	327,168.64	457,530.31
Total deferred outflows of resources	506,070.09	605,661.17
Total assets and deferred outflows of resources	17,217,720.00	17,326,310.61
Liabilities, Deferred Inflows of Resources and Net Position:		
Current liabilities:		
Accounts payable	20,697.76	3,376.90
Accrued salaries	26,642.02	22,198.36
Customer deposits	45,144.98	42,176.00
Due to Other Funds	9,630.52	15,772.55
Notes payable - current maturities	292,387.52	324,032.37
Total current liabilities	394,502.80	407,556.18
Other liabilities:		
Accrued vacation pay	54,164.46	60,227.34
Net pension liability	114,866.50	260,002.42
Notes payable - non-current maturities	480,068.95	772,601.46
Net OPEB obligation	1,605,050.48	2,517,027.03
Unearned revenue	537,802.92	727,615.74
Total other liabilities	2,791,953.31	4,337,473.99
Total liabilities	3,186,456.11	4,745,030.17
Deferred inflows of resources:		
Pension deferrals	166,408.90	3,377.90
OPEB deferrals	336,273.40	145,503.25
Total deferred inflows of resources	502,682.30	148,881.15
Net Position:		
Net investment in capital assets	12,875,893.00	12,977,640.49
Unrestricted	652,688.59	(545,241.20)
Total net position	13,528,581.59	12,432,399.29
Total liabilities, deferred inflows of resources, and net position	17,217,720.00	17,326,310.61

Town of Mayodan, North Carolina
Proprietary Funds
Water and Sewer Fund
Statement of Revenues and Expenses
And Changes in Net Position
For the Year ended June 30, 2022 and 2021

Exhibit D-2

	<u>2022</u>	<u>2021</u>
Operating revenue:		
Water and sewer service charges	2,878,152.68	2,259,458.77
Connection fees	2,400.00	22,000.00
Cut off charges	8,072.48	7,059.00
Miscellaneous	196.76	93.00
Pretreatment Analysis	2,065.50	1,905.35
AIA Grant	54,500.00	-
Amortization of Revenue from Waste Water Treatment Rights	<u>189,812.81</u>	<u>189,812.81</u>
	<u>3,135,200.23</u>	<u>2,480,328.93</u>
Operating expenses:		
Water Department:		
Salaries	210,492.46	184,640.22
FICA tax	16,375.09	13,663.82
Retirement fund	19,414.05	31,306.13
Supplemental retirement	10,520.12	9,128.62
OPEB Expense	(296,673.75)	31,852.07
Insurance - medical	65,443.30	72,837.99
Insurance - dental	1,632.00	1,457.00
Insurance - vision	379.00	276.00
Insurance and Blanket Bond	-	500.00
Repairs - Water department	57,753.96	22,834.99
Equipment maintenance - Water Department	5,923.90	5,894.35
Employee Telephone Allowance	1,010.00	830.00
Meters, Pipes and Fittings	16,019.20	52,678.60
Gas and Oil	4,527.68	2,222.66
Computer supplies	1,682.13	1,101.54
Workmen's Compensation	6,794.32	7,141.65
Miscellaneous - Water dept.	3,383.08	2,615.89
Computer Maintenance	840.00	840.00
Schools and Travel - Water Department	1,882.87	1,549.87
Water Line Highway 135	7,721.67	5,693.70
Uniforms	2,716.65	2,717.01
Software Upgrade	4,590.62	3,359.75
Audit Contract	12,500.00	12,500.00
Water line repairs	116,571.74	-
Workorder System	<u>6,330.58</u>	<u>9,662.22</u>
Total Water Department	<u>277,830.67</u>	<u>477,304.08</u>

Town of Mayodan, North Carolina
Proprietary Funds
Water and Sewer Fund
Statement of Revenues and Expenses
And Changes in Net Position
For the Year ended June 30, 2022 and 2021

Exhibit D-2

	<u>2022</u>	<u>2021</u>
Water Plant:		
Salaries	219,967.41	206,260.21
FICA tax	16,935.55	15,259.26
Retirement fund	18,226.16	31,462.79
Supplemental retirement	9,843.40	9,263.11
OPEB Expense	(167,492.64)	19,804.97
OSHA Compliance	259.99	248.50
Insurance - medical	44,730.01	40,445.31
Insurance - dental	1,440.00	1,488.00
Insurance - vision	336.00	336.00
Telephone and Loops- Water Plant	2,730.56	4,002.74
Utilities - Water Plant	57,522.80	51,866.31
Schools and Travel - Water Plant	1,569.99	1,494.41
Instrumentation Services Contract - Water Plant	5,374.36	6,148.41
Building Maintenance	2,267.39	2,624.49
Repairs - Water Plant	45,409.72	28,751.69
Truck Maintenance - Water Plant	3,252.92	3,508.18
Gas and Oil - Water Plant	2,171.17	1,372.58
Chemical Supplies - Water Plant	85,266.80	66,826.71
Departmental Supplies	3,196.42	2,277.33
State Testing	7,947.04	8,006.38
Uniforms	1,569.57	723.05
Computer supplies	4,468.39	5,116.25
Insurance and Blanket Bond	14,953.25	13,769.08
Workmen's Compensation	12,078.78	12,696.26
Miscellaneous	1,441.58	1,298.61
Postage/Supplies	3,528.18	3,063.83
Chlorinator Parts	2,488.72	1,753.70
Permits and Renewals	4,179.62	3,929.92
Clear well repair	48,045.00	62,052.00
Engineering Fees and CT Study	4,080.00	-
Total Water Plant	<u>457,788.14</u>	<u>605,850.08</u>

Town of Mayodan, North Carolina
Proprietary Funds
Water and Sewer Fund
Statement of Revenues and Expenses
And Changes in Net Position
For the Year ended June 30, 2022 and 2021

Exhibit D-2

	2022	2021
Sewer Department:		
Salaries	162,841.57	162,525.72
FICA tax	12,261.75	11,257.30
Insurance - medical	32,355.55	30,377.64
Insurance - dental	1,683.00	1,588.00
Insurance - vision	84.00	112.00
Retirement	15,629.45	26,905.29
Supplemental retirement	8,394.70	8,051.05
OPEB Expense	(126,678.34)	27,376.37
Employee telephone advance	780.00	780.00
Schools and Training	981.75	925.00
Line Repairs and Maintenance	19,715.65	51,009.23
Equipment Repairs and Maintenance	25,512.54	23,171.96
Computer Maintenance	168.64	219.84
Computer supplies	813.29	703.92
Uniforms - sewer department	1,440.84	1,203.89
Gas and oil - expense	4,398.16	2,243.84
Workmen's Compensation	11,323.85	11,902.74
Insurance and Blanket Bond	18,193.90	16,614.13
Miscellaneous	1,288.86	2,298.28
Attorney's Fee	-	2,100.00
Utilities - Pump Station	21,345.01	16,450.14
Permits	1,410.00	1,410.00
Attorney's Fee	1,400.00	-
Departmental supplies	-	3,619.38
AIA Grant Expense - Study	66,100.00	-
Stoneville Sewer - Rate Freeze	30,383.28	-
Safety Equipment	6,196.71	5,584.34
Total Sewer Department	318,024.16	408,430.06
Waste Water Treatment Plant		
Contract for Sewer Operations	265,288.32	259,525.56
Utilities	72,615.06	65,969.82
Sludge Removal / Application	33,750.63	33,843.55
Repairs	25,906.49	38,592.87
Lab Analysis	8,883.59	7,349.10
Miscellaneous	-	342.55
Insurance and Blanket Bond	12,859.80	11,727.63
Building Maintenance	825.99	3,649.00
Permit Fees	3,440.00	3,743.98
Departmental supplies	-	79.98
Total Waste Water Treatment Plant	423,569.88	424,824.04

Town of Mayodan, North Carolina
Proprietary Funds
Water and Sewer Fund
Statement of Revenues and Expenses
And Changes in Net Position
For the Year ended June 30, 2022 and 2021

Exhibit D-2

	2022	2021
Utility Service Fee	90,000.00	90,000.00
Total operating expenses other than depreciation	1,567,212.85	2,006,408.26
Depreciation	547,700.85	550,212.40
Total operating expenses	2,114,913.70	2,556,620.66
Net operating income (loss)	1,020,286.53	(76,291.73)
Non-operating income:		
Interest Income from other Governments	15,147.05	20,196.09
Interest earned on temporary investments	1,554.99	2,805.47
Insurance Claims	32,388.12	14,223.00
Transfer from ARPA	48,803.00	
Contribution from General Fund for Retirement of Debt on Public Works Building	7,500.00	7,500.00
	105,393.16	44,724.56
Non operating expenses:		
Interest on long term debt, Including fiscal agents' fees	29,497.39	41,456.25
Net Income (loss)	1,096,182.30	(73,023.42)
Net Positions - beginning of year	12,432,399.29	12,505,422.71
Net Positions - end of year	13,528,581.59	12,432,399.29

Town of Mayodan, North Carolina
Statement of Cash Flows
Water and Sewer Fund
For the Year Ended June 30, 2022
With Comparative Totals for the Year Ended June 30, 2021

Exhibit D-3

	2022	2021
Cash Flows from operating activities:		
Cash received from customers	2,761,302.39	2,196,837.51
Cash paid for goods and services	(1,031,186.65)	(1,604,745.30)
Cash paid to employees	(1,198,640.90)	(436,215.36)
Customer deposits returned	2,968.94	(1,637.12)
Other operating revenue	56,762.26	1,998.35
Net cash provided by operating activities	591,206.04	156,238.08
Cash flows from non-capital financing activities:		
Increase (decrease) in due to other funds	(6,142.03)	15,772.55
(Increase) decrease in due from other funds	-	16,959.23
Net cash used by non-capital financing activities	(6,142.03)	32,731.78
Cash flows from capital and related financing activities:		
Acquisitions of capital assets	(121,776.00)	(181,075.44)
Insurance claims	32,388.12	14,223.00
Principal paid on bond and equipment contracts	(324,177.36)	(322,993.57)
Interest paid on bonds and equipment contracts	(29,497.39)	(41,456.25)
Transfer from ARPA Fund	48,803.00	
Contribution from General Fund for Retirement of Debt on Public Works Building	7,500.00	7,500.00
Net cash used by capital and related financing activities	(386,759.63)	(523,802.26)
Cash flows from investing activities:		
Interest on Investments	1,554.99	2,805.47
Interest Received from Other Governments	15,147.05	20,196.08
Principal Received from Other Governments	189,871.82	173,328.23
	206,573.86	196,329.78
Net increase (decrease) in cash and cash equivalents	404,878.24	(138,502.62)
Cash and cash equivalents at beginning of year	1,625,683.88	1,764,186.50
Cash and cash equivalents at end of year	2,030,562.12	1,625,683.88
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income (Loss)	1,020,286.53	(76,291.73)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	547,700.85	550,212.40
Amortization of revenue from Waste Water Treatment Rights	(189,812.82)	(189,812.81)
Change in assets and Liabilities:		
(Increase) decrease in accounts receivables customers	(127,322.77)	(91,680.26)
(Increase) decrease in inventories	(74,596.10)	(2,833.47)
Net pension expense	(12,875.51)	34,870.91
Net OPEB expense	(590,844.73)	79,033.40
Increase (decrease) in accounts payable	17,320.86	(148,929.72)
Increase (decrease) in customer deposits	2,968.95	(1,637.12)
Increase (decrease) in accrued salaries	4,443.66	2,122.18
Increase (decrease) in accrued vacation pay	(6,062.88)	1,184.30
Total Adjustments	(429,080.49)	232,529.81
Net cash provided by operating activities	591,206.04	156,238.08

Town of Mayodan, North Carolina
Water and Sewer Operations
Statement of Revenues and Expenditures Budget and Actual (Non GAAP)
For the Year ended June 30, 2022
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2021)

Exhibit D-4

	2022			2021
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Operating revenue:				
Water and sewer sales	2,021,000.00	2,336,353.39	315,353.39	1,741,835.29
Water Revenue- Stoneville	188,019.73	133,731.48	(54,288.25)	113,557.91
Water & sewer tap fees	15,000.00	2,400.00	(12,600.00)	22,000.00
Miscellaneous	-	196.76	196.76	93.00
Cut off charges	6,600.00	8,072.48	1,472.48	7,059.00
Pretreatment analysis	2,500.00	2,065.50	(434.50)	1,905.35
Sewer treatment-Madison	4,000.00	-	(4,000.00)	-
Madison sewer	300,000.00	332,336.70	32,336.70	306,787.56
Stoneville sewer	100,000.00	75,731.11	(24,268.89)	97,278.01
AIA Grant	90,000.00	54,500.00	(35,500.00)	-
Amortization of Revenue from Waste Water Treatment Rights	189,812.81	189,812.81	-	189,812.81
	<u>2,916,932.54</u>	<u>3,135,200.23</u>	<u>218,267.69</u>	<u>2,480,328.93</u>
Non-Operating revenues:				
Interest income	23,262.19	16,702.04	(6,560.15)	23,001.56
Insurance Claims	30,128.89	32,388.12	2,259.23	14,223.00
	<u>53,391.08</u>	<u>49,090.16</u>	<u>(4,300.92)</u>	<u>37,224.56</u>
Total Revenues	<u>2,970,323.62</u>	<u>3,184,290.39</u>	<u>213,966.77</u>	<u>2,517,553.49</u>
Operating expenses other than Depreciation:				
Water Department:				
Salaries	226,132.00	210,492.46	15,639.54	184,640.22
FICA tax	16,570.00	16,375.09	194.91	13,663.82
Retirement fund	25,304.00	24,196.38	1,107.62	18,998.75
Supplemental retirement	11,004.00	10,520.12	483.88	9,128.62
Insurance - medical	58,908.00	65,443.30	(6,535.30)	72,837.99
Insurance - dental	1,481.00	1,632.00	(151.00)	1,457.00
Insurance - vision	371.00	379.00	(8.00)	276.00
Insurance and blanket bond	-	-	-	500.00
Repairs	80,000.00	57,753.96	22,246.04	22,834.99
Equipment maintenance	5,924.00	5,923.90	0.10	5,894.35
Meters, pipes and fittings	73,880.00	16,019.20	57,860.80	52,678.60
Gas and oil	4,604.00	4,527.68	76.32	2,222.66
Computer supplies	1,683.00	1,682.13	0.87	1,101.54
Workmen's compensation	9,205.00	6,794.32	2,410.68	7,141.65
Miscellaneous	3,384.00	3,383.08	0.92	2,615.89
Computer maintenance	2,000.00	840.00	1,160.00	840.00
Schools and travel	1,883.00	1,882.87	0.13	1,549.87
Water line Highway 135	7,722.00	7,721.67	0.33	5,693.70
Uniforms	2,717.00	2,716.65	0.35	2,717.01
Software upgrade	4,649.00	4,590.62	58.38	3,359.75
Audit contract	12,500.00	12,500.00	-	12,500.00
Employee telephone allowance	1,010.00	1,010.00	-	830.00
Water line repairs	120,572.00	116,571.74	4,000.26	
Workorder system	6,348.00	6,330.58	17.42	9,662.22
	<u>677,851.00</u>	<u>579,286.75</u>	<u>98,564.25</u>	<u>433,144.63</u>

Town of Mayodan, North Carolina
Water and Sewer Operations
Statement of Revenues and Expenditures Budget and Actual (Non GAAP)
For the Year ended June 30, 2022
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2021)

Exhibit D-4

	2022			2021
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Capital Outlay - Water Department				
Equipment	-	4,000.00	(4,000.00)	-
Water line upgrades	-	-	-	54,067.98
Total - Water Department	677,851.00	583,286.75	94,564.25	487,212.61
Water Plant:				
Salaries	225,735.00	219,967.41	5,767.59	206,260.21
FICA tax	16,838.00	16,935.55	(97.55)	15,259.26
Retirement fund	23,505.00	22,640.62	864.38	19,155.42
Supplemental retirement	10,220.98	9,843.40	377.58	9,263.11
OSHA Compliance	800.00	259.99	540.01	248.50
Insurance - medical	41,434.00	44,730.01	(3,296.01)	40,445.31
Insurance - dental	1,320.00	1,440.00	(120.00)	1,488.00
Insurance - vision	308.00	336.00	(28.00)	336.00
Telephone	2,780.00	2,730.56	49.44	4,002.74
Utilities	54,818.00	57,522.80	(2,704.80)	51,866.31
Schools and travel	1,570.00	1,569.99	0.01	1,494.41
Instrumentation services contract	6,000.00	5,374.36	625.64	6,148.41
Building maintenance	2,268.00	2,267.39	0.61	2,624.49
Repairs	52,128.89	45,409.72	6,719.17	28,751.69
Truck maintenance	3,500.00	3,252.92	247.08	3,508.18
Gas and oil	2,172.00	2,171.17	0.83	1,372.58
Chemical supplies	85,275.00	85,266.80	8.20	66,826.71
Departmental supplies	3,229.00	3,196.42	32.58	2,277.33
State testing	8,198.00	7,947.04	250.96	8,006.38
Uniforms	2,000.00	1,569.57	430.43	723.05
Computer supplies and maintenance	4,480.00	4,468.39	11.61	5,116.25
Insurance and blanket bond	14,954.00	14,953.25	0.75	13,769.08
Workmen's compensation	13,000.00	12,078.78	921.22	12,696.26
Miscellaneous	1,500.00	1,441.58	58.42	1,298.61
Postage/Supplies	3,661.00	3,528.18	132.82	3,063.83
Chlorinator parts	2,500.00	2,488.72	11.28	1,753.70
Permits and renewals	5,000.00	4,179.62	820.38	3,929.92
Clear well repair	51,958.52	48,045.00	3,913.52	62,052.00
Engineering Fees and CT Study	7,545.00	4,080.00	3,465.00	-
Interest - 2 Mg Tank	1,200.00	340.22	859.78	1,209.15
Principal - 2 Mg Tank	32,900.00	32,890.00	10.00	32,890.00
	682,798.39	662,925.46	19,872.93	607,836.89
Capital Outlay - Water Plant				
Bulk Storage Building			-	37,517.14
Vehicle Purchase			-	13,015.80
Equipment	19,077.00	19,077.00	-	26,380.00
Total - Water Plant	701,875.39	682,002.46	19,872.93	684,749.83

Town of Mayodan, North Carolina
Water and Sewer Operations
Statement of Revenues and Expenditures Budget and Actual (Non GAAP)
For the Year ended June 30, 2022
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2021)

Exhibit D-4

	2022			2021
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Sewer Department:				
Salaries	174,787.00	162,841.57	11,945.43	162,525.72
FICA tax	12,750.00	12,261.75	488.25	11,257.30
Insurance - medical	36,127.00	32,355.55	3,771.45	30,377.64
Insurance - dental	1,680.00	1,683.00	(3.00)	1,588.00
Insurance - vision	480.00	84.00	396.00	112.00
Retirement	27,650.00	19,308.17	8,341.83	16,649.14
Supplemental retirement	8,760.00	8,394.70	365.30	8,051.05
Employee telephone allowance	1,000.00	780.00	220.00	780.00
Schools and training	1,000.00	981.75	18.25	925.00
Line repairs and maintenance	50,000.00	19,715.65	30,284.35	51,009.23
Insurance and Blanket Bond	18,194.00	18,193.90	0.10	16,614.13
Equipment repairs and maintenance	35,000.00	25,512.54	9,487.46	23,171.96
Computer maintenance	750.00	168.64	581.36	219.84
Computer supplies	814.00	813.29	0.71	703.92
Uniforms	1,441.00	1,440.84	0.16	1,203.89
Gas and oil - expense	4,786.00	4,398.16	387.84	2,243.84
Workmen's compensation	12,000.00	11,323.85	676.15	11,902.74
Miscellaneous	1,800.00	1,288.86	511.14	2,298.28
Attorney's fees	-	-	-	2,100.00
Utilities - pump station	21,491.00	21,345.01	145.99	16,450.14
Departmental supplies	-	-	-	3,619.38
AIA Grant Expense - Study	90,000.00	66,100.00	23,900.00	-
Permits	1,410.00	1,410.00	-	1,410.00
Contingency	2,800.00	1,400.00	1,400.00	-
Stoneville Sewer - Rate Freeze	30,383.28	30,383.28	-	-
Safety equipment	6,500.00	6,196.71	303.29	5,584.34
	541,603.28	448,381.22	93,222.06	370,797.54
Capital Outlay:				
Equipment purchase	81,600.00	79,300.00	2,300.00	45,600.00
Line Upgrades	-	-	-	4,494.52
Island Access	-	7,500.00	(7,500.00)	-
Total Sewer Department	623,203.28	535,181.22	88,022.06	420,892.06

Town of Mayodan, North Carolina
Water and Sewer Operations
Statement of Revenues and Expenditures Budget and Actual (Non GAAP)
For the Year ended June 30, 2022
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2021)

Exhibit D-4

	2022			2021
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Waste Water Treatment Plant:				
Contract for sewer operations	265,300.00	265,288.32	11.68	259,525.56
Utilities	73,000.00	72,615.06	384.94	65,969.82
Sludge removal/ application	72,000.00	33,750.63	38,249.37	33,843.55
Repairs	96,140.00	25,906.49	70,233.51	38,592.87
Lab Analysis	9,000.00	8,883.59	116.41	7,349.10
Miscellaneous	500.00	-	500.00	342.55
Insurance and blanket bond	12,860.00	12,859.80	0.20	11,727.63
Building maintenance	3,000.00	825.99	2,174.01	3,649.00
Permit Fees	5,000.00	3,440.00	1,560.00	3,743.98
Contingency	1,000.00	-	1,000.00	-
Departmental supplies	400.00	-	400.00	79.98
Interest - WWTP Expansion	27,000.00	20,142.36	6,857.64	26,856.50
Principal - WWTP Expansion	252,415.00	252,410.65	4.35	252,410.65
Tools and Equipment	750.00	-	750.00	-
	818,365.00	696,122.89	122,242.11	704,091.19
Capital Outlay:				
Equipment Purchases	-	11,899.00	(11,899.00)	-
	818,365.00	708,021.89	110,343.11	704,091.19
Utility Service Fee	90,000.00	90,000.00	-	90,000.00
Debt Service:				
Public Works Facilities Buildings:				
Interest - Water Department	7,149.00	4,507.44	2,641.56	8,813.93
Interest - Sewer Department	12,000.00	4,507.37	7,492.63	4,576.67
	19,149.00	9,014.81	10,134.19	13,390.60
Total Expenditures	2,930,443.67	2,607,507.13	322,936.54	2,400,336.29
Revenues over (under) expenditures	39,879.95	576,783.26	536,903.31	117,217.20
Other financing sources (uses):				
Sale of Surplus Assets	-	-	-	-
Contribution from General Fund for				
Retirement of debt on Public Works building	17,500.00	7,500.00	(10,000.00)	7,500.00
Fund balance appropriated	(108,336.45)	-	108,336.45	-
Transfer from Special Revenue - ARPA	50,956.50	48,803.00	(2,153.50)	-
Contribution to Capital				
Projects funds - Water	-	-	-	-
Sewer	-	-	-	-
	(39,879.95)	56,303.00	96,182.95	7,500.00
Revenues and other sources over(under) expenditures and other uses	0.00	633,086.26	633,086.26	124,717.20

Town of Mayodan, North Carolina
Water and Sewer Operations
Statement of Revenues and Expenditures Budget and Actual (Non GAAP)
For the Year ended June 30, 2022
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2021)

Exhibit D-4

	2022			2021
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Reconciliation from modified accrual to full accrual basis:				
Revenues over (under) expenditures		633,086.26		124,717.20
Reconciling Items:				
Increase in Outflows of Resources - Pension		30,770.59		29,927.79
Decrease in Deferred Inflows of Resources - Pension		(163,031.00)		1,590.68
Increase in Outflows of Resources - OPEB		(130,361.67)		370,292.92
Increase in Deferred Inflows of Resources - OPEB		(190,770.15)		45,145.30
Capital Outlay		121,776.00		181,075.44
Depreciation		(547,700.85)		(550,212.40)
Principal Payments		285,300.65		285,300.65
(Increase) decrease in OPEB Liability		911,976.55		(494,471.62)
(Increase) decrease in Net Pension Liability		145,135.92		(66,389.38)
Net Income/(Loss)		<u>1,096,182.30</u>		<u>(73,023.42)</u>

Town of Mayodan, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2022

Exhibit E-1

Fiscal Year	Uncollected Balance June 30, 2021	Additions	Collections	Discoveries Abatements Adjustments	Uncollected Balance June 30, 2022
2021-2022		1,666,973.73	(1,651,606.56)	(647.29)	14,719.88
2020-2021	11,210.43	-	(4,619.29)	(8.36)	6,582.78
2019-2020	1,911.72	-	(1,595.30)	(8.36)	308.06
2018-2019	3,413.58	-	(520.99)	(8.36)	2,884.23
2017-2018	2,620.17	-	(459.55)		2,160.62
2016-2017	1,740.56	-	(231.23)		1,509.33
2015-2016	1,203.28	-	(156.10)		1,047.18
2014-2015	1,063.19	-			1,063.19
2013-2014	1,281.91	-			1,281.91
2012-2013	1,718.47	-			1,718.47
2011-2012	1,536.75	-		(1,536.75)	0.00
	<u>27,700.06</u>	<u>1,666,973.73</u>	<u>(1,659,189.02)</u>	<u>(2,209.12)</u>	<u>33,275.65</u>
Less allowance for uncollectible accounts:					
General Fund					<u>14,184.54</u>
					<u>19,091.11</u>
Reconciliation with Revenues:					
Ad Valorem Taxes - General Fund					1,656,833.76
Reconciling items:					
Penalties and interest					(2,369.76)
Rockingham County collection fee					3,871.29
Adjustments					<u>853.73</u>
					<u>1,659,189.02</u>

Town of Mayodan, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2022

Exhibit E-2

	City-Wide		Total Levy	
	Property Valuation	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:				
Property Taxes at Current Year's Rate	246,972,906	\$ 0.63 1,555,929.31	1,555,929.31	
Motor Vehicle Taxes Collected by DMV	17,626,098	\$ 0.63 111,044.42	-	111,044.42
	<u>264,599,004</u>	<u>1,666,973.73</u>	<u>1,555,929.31</u>	<u>111,044.42</u>
Discoveries:				
Current Year Taxes	-	427.06	427.06	-
Prior Year Taxes	-	-	-	-
	<u>-</u>	<u>427.06</u>	<u>427.06</u>	<u>-</u>
Other Adjustments	-			-
Less: Insolvents	-	(1,074.35)	(1,074.35)	-
	<u>-</u>	<u>(1,074.35)</u>	<u>(1,074.35)</u>	<u>-</u>
Total Property Valuation	<u>264,599,004</u>			
Net Levy		1,666,326.44	1,555,282.02	111,044.42
Uncollected Taxes at June 30, 2022		<u>14,719.88</u>	<u>14,719.88</u>	<u>-</u>
Current Year's Taxes Collected		<u>1,651,606.56</u>	<u>1,540,562.14</u>	<u>111,044.42</u>
Current Levy Collection Percentage		<u>99.12%</u>	<u>99.05%</u>	<u>100.00%</u>

Town of Mayodan, North Carolina
Schedule of Interfund Transfers
For the Fiscal Year Ended June 30, 2022

Exhibit E-3

Fund	Transfer From	To
General Operating	7,500.00	27,930.75
American Rescue Plan Act	76,733.75	-
Water and Sewer	-	56,303.00
	<u>84,233.75</u>	<u>84,233.75</u>

Rouse, Rouse, Rouse & Gardner, L.L.P.

Certified Public Accountants



R. Rex Rouse, Jr., CPA
Judy G. Rouse, CPA
Victor B. Rouse, CPA/PFS
Trevor C. Gardner, CPA

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Mayodan, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Town of Mayodan, North Carolina's basic financial statements and have issued our report thereon dated November 2, 2022.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and responses as items 2022-1 and 2022-2 that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Town of Mayodan, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions

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of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Mayodan, North Carolina's Response to Findings

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

Purpose of This Report

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

Rouse, Rouse, Rouse + Gardner, LLP
Rouse, Rouse, Rouse & Gardner, LLP
November 2, 2022

Town of Mayodan, North Carolina
For the Fiscal Year Ended June 30, 2022

Financial Statement Findings and Responses

Significant Deficiency

2022-2 Water Sewer Billings

Criteria: The Town of Mayodan manually enters the water usage for some customers to generate water and sewer billings.

Condition: The key employee responsible for entering the water and sewer usage provided by the water department retired at the end of the 2021 fiscal year. The water usage is manually entered to generate the water and sewer related charges each billing cycle. The usage was entered incorrectly after the employee retired.

Cause: There was inadequate training between the previous employee and the new employee regarding manual entry of water usage and the proper review of the water and sewer consumption as it relates to the customer billings.

Effect: The Town incorrectly billed sewer charges for the entirety of 2021-2022 for one respective client which resulted in a significantly large underbilling. This type of deficiency could result in a greater number of customers being incorrectly billed for services.

Recommendation: We recommend the Town dedicate the necessary staff training in correctly entering water and sewer usage. We also recommend the Town implement a periodic, comparative review process of consumer usage to increase oversight of the water and sewer billings.

Views of responsible officials and planned corrective action: The Town is aware of the deficiency in internal control related to water and sewer billing. The Town has already implemented additional controls, such as water usage and billings review, to prevent and correct issues in the future in a more timely manner. Additionally, the Town has provided training to all staff to ensure that the billing software is utilized correctly and is understood.