

TOWN OF MAYODAN
NORTH CAROLINA
Year Ended June 30, 2023

AUDIT REPORT

Town of Mayodan, North Carolina
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June 30, 2023

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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

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, 2023, 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, 2023, 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 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

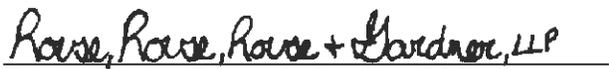
Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance 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, schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and State Single Audit Implementation Act, 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, the schedule of expenditures of federal and state awards, 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 15, 2023, 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
Eden, North Carolina
November 15, 2023

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, 2023. 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

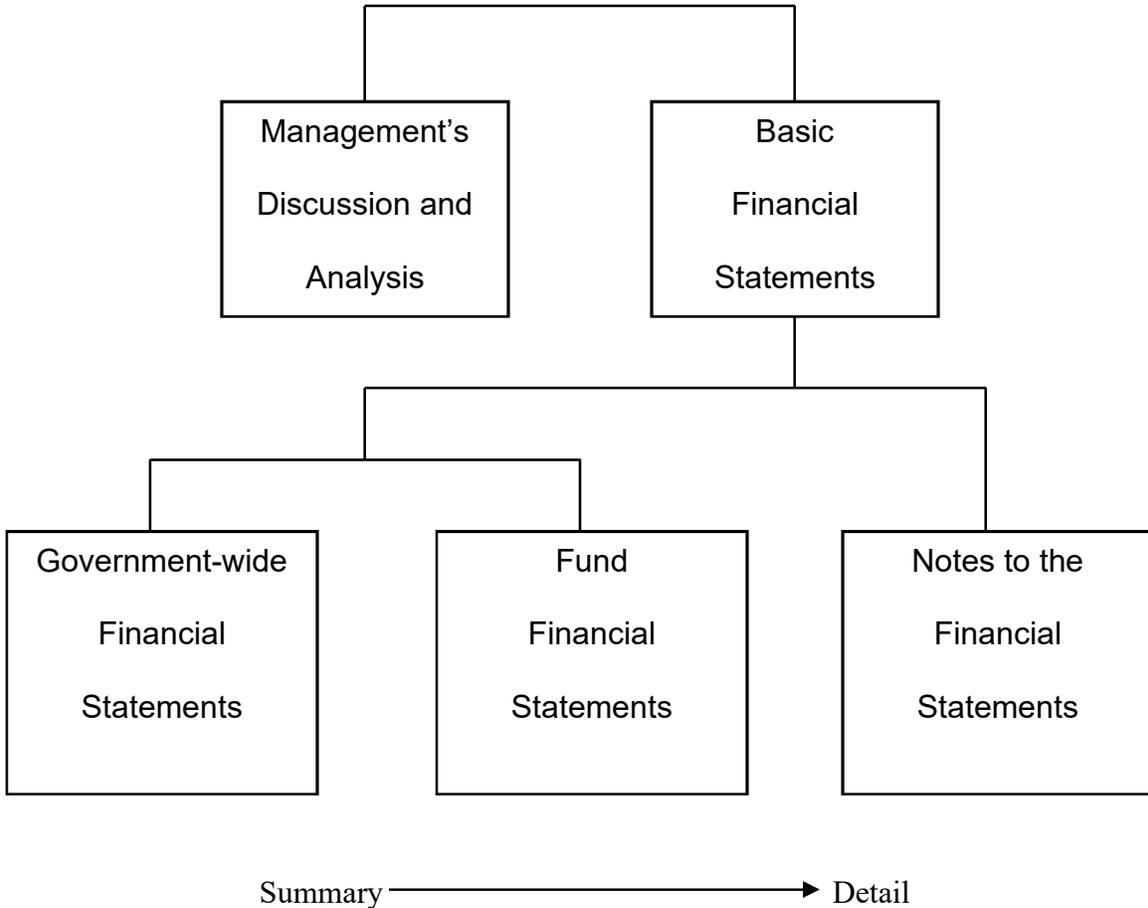
- The assets of the Town of Mayodan exceeded its liabilities at the close of the fiscal year by \$16,306,141 (*net position*).
- The government's total net position increased by \$2,086,991.
- As of the close of the current fiscal year, the Town of Mayodan's governmental funds reported combined ending fund balances of \$3,156,559, an increase of \$440,527 in comparison with the prior year. Approximately 73% of this total amount, or \$2,319,800, is available for spending at the government's discretion (unassigned fund balance).
- The Town of Mayodan's long-term debt decreased by \$355,843 (32%) 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.

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	
	2023	2022	2023	2022	2023	2022
Current and other assets	3,360,592	2,295,147	5,232,497	2,781,362	8,593,089	5,076,509
Restricted assets	889,318	1,841,397	622,779	82,494	1,512,097	1,923,891
Non-current assets				189,813	-	189,813
Capital assets	2,737,733	2,826,595	13,817,589	13,648,349	16,555,322	16,474,944
Total assets	6,987,643	6,963,139	19,672,865	16,702,018	26,660,508	23,665,157
Deferred outflows of resources	1,273,053	1,304,976	490,993	506,070	1,764,046	1,811,046
Total assets & outflows of resources	8,260,696	8,268,115	20,163,858	17,208,088	28,424,554	25,476,203
Long-term liabilities outstanding	292,811	356,512	480,315	772,457	773,126	1,128,969
Unearned revenue	972,338	1,302,835	1,827,687	537,803	2,800,025	1,840,638
Other liabilities	4,668,146	4,806,616	2,145,430	1,866,564	6,813,576	6,673,180
Deferred inflows of resources	1,247,469	1,111,585	484,217	502,682	1,731,686	1,614,267
Total liabilities & inflows of resources	7,180,764	7,577,548	4,937,649	3,679,506	12,118,413	11,257,054
Net position:						
Net investment in capital assets	2,444,922	2,470,083	13,337,274	12,875,892	15,782,196	15,345,975
Restricted for:						
Economic Development	830	20,127			830	20,127
Cemetery	142,663	126,868			142,663	126,868
Public safety	112,233	125,724			112,233	125,724
Transportation	198,915	267,997			198,915	267,997
Stabilization by State						
Statute	318,612	1,279,936			318,612	1,279,936
Unrestricted	(2,138,243)	(3,600,168)	1,888,935	652,690	(249,308)	(2,947,478)
Total net position	1,079,932	690,567	15,226,209	13,528,582	16,306,141	14,219,149

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 \$16,306,141 as of June 30, 2023. The town's net position increased by \$2,086,991 for the fiscal year ended June 30, 2023. 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 Mayodan's net position, 5%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(255,578) is unrestricted.

Management Discussion and Analysis
Town of Mayodan

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

- Total debt related to governmental activities amounted to \$5,933,295 at June 30, 2023, a decrease of \$532,668 or 8% in comparison with the prior year. Most of the decrease is due to the decrease in the net OPEB obligation 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 2023	Governmental Activities 2022	Business Type Activities 2023	Business Type Activities 2022	Total 2023	Total 2022
Revenues:						
Program revenues:						
Charges for services	375,183	308,867	4,416,052	3,135,200	4,791,235	3,444,067
Operating grants and contributions	831,467	280,717	-	-	831,467	280,717
Capital grants and contributions	142,243	24,000	-	-	142,243	24,000
General revenues:						
Property taxes	1,868,850	1,661,390	-	-	1,868,850	1,661,390
Other taxes	878,956	796,992	-	-	878,956	796,992
Unrestricted Intergovernmental Revenues	302,834	293,354	-	-	302,834	293,354
Restricted Intergovernmental Revenues	-	-	-	-	-	-
Grants and contributions not restricted to specific prog	-	-	-	-	-	-
Investment earnings	17,896	2,675	30,599	16,703	48,495	19,378
Gain (loss) on sale of capital assets	38,572	28,450	-	-	38,572	28,450
Miscellaneous	22,802	15,777	-	32,388	22,802	48,165
Transfers	(142,243)	(56,303)	142,243	56,303	-	-
Total Revenues	4,336,560	3,355,919	4,588,894	3,240,594	8,925,454	6,596,513
Expenses:						
General government	501,851	441,485	-	-	501,851	441,485
Public safety	1,648,461	1,984,485	-	-	1,648,461	1,984,485
Transportation	473,690	403,084	-	-	473,690	403,084
Economic development	120,987	124,748	-	-	120,987	124,748
Sanitation	242,004	197,581	-	-	242,004	197,581
Culture and recreation	944,680	561,337	-	-	944,680	561,337
Water and sewer	-	-	2,891,268	2,144,411	2,891,268	2,144,411
Cemeteries	85	2,450	-	-	85	2,450
Interest on long term debt	8,730	4,991	-	-	8,730	4,991
Special Appropriations	6,707	5,500	-	-	6,707	5,500
Total Expenses	3,947,195	3,725,661	2,891,268	2,144,411	6,838,463	5,870,072
Increase (decrease) in net position	389,365	(369,742)	1,697,626	1,096,183	2,086,991	726,441
Net position, July 1	690,567	1,060,309	13,528,583	12,432,399	14,219,150	13,492,708
Net position, June 30	1,079,932	690,567	15,226,209	13,528,582	16,306,141	14,219,149

Governmental activities. Governmental activities increased the Town's net position by \$389,365.

Business-type activities: Business-type activities increased the Town of Mayodan's net position by \$1,697,626.

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 \$2,319,800 while total fund balance amounted to \$3,156,559. 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 59% percent of total General Fund expenditures. Total fund balance represents 81% percent of total General Fund expenditures.

At June 30, 2023, the governmental funds of the Town of Mayodan reported a combined fund balance of \$3,156,559 a 16% 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 \$101,714 more than the budgeted amounts primarily because of taxes, sales & services, and other taxes were \$132,031, \$71,574, and \$248,706 more than the Town had budgeted, respectively. Restricted Intergovernmental Revenues were (\$427,839) less than budgeted and investment earnings were \$16,047 more than budgeted. Actual expenditures were \$628,747 less than the budgeted amount primarily because Public Safety expenditures, Transportation expenditures, cultural and recreational expenditures, and Environmental protection expenditures were \$89,715, \$50,753, \$442,345, and \$41,294 less 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 \$1,888,935. The total increase in net position for this fund was \$1,697,626. 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, 2023, totals \$16,555,322 (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 9,396
 - Furniture and Equipment 78,332
 - Vehicles 66,820
- Water and Sewer Fund – Additions
 - Construction in Process 303,364
 - Plant and Distribution System 395,581
 - Vehicles 9,076
 - Furniture and Equipment 19,039
- Depreciation expense for business type activities for the year ending June 30, 2023 amounted to \$557,821.
- Depreciation expense for governmental activities amounted to \$243,411.

Management Discussion and Analysis
Town of Mayodan

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

Figure 4

	Governmental Activities 2023	Governmental Activities 2022	Business-type Activities 2023	Business-type Activities 2022	Total 2023	Total 2022
Land:						
Farris Park	201,000	201,000			201,000	201,000
Other	233,717	233,717	111,061	111,061	344,778	344,778
Washington Mills	249,988	249,988			249,988	249,988
Construction in Progress	3,000	3,000	342,364	39,000	345,364	42,000
Total Assets not being depreciated	687,705	687,705	453,425	150,061	1,141,130	837,766
Buildings	322,907	352,478			322,907	352,478
Farris Park Improvements	190,756	203,488			190,756	203,488
Land Improvements	29,978	32,335			29,978	32,335
Furniture & Equipment	235,677	221,183	177,616	214,690	413,293	435,873
Plant & Distribution Systems			13,138,099	13,220,880	13,138,099	13,220,880
Vehicles and motorized equipment	428,755	466,874	48,448	62,718	477,203	529,592
Infrastructure	841,954	862,532			841,954	862,532
Total	2,737,732	2,826,595	13,817,588	13,648,349	16,555,320	16,474,944

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

Long-term Debt. As of June 30, 2023, the Town of Mayodan had total long-term debt outstanding of \$773,126. 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	
	2023	2022	2023	2022	2023	2022
Installment Purchases	292,811	356,512			292,811	356,512
Public Works Facility			227,904	267,635	227,904	267,635
Regional Wastewater Treatment						
Plant Revolving Loan			252,411	504,822	252,411	504,822
Total	292,811	356,512	480,315	772,457	773,126	1,128,969

The Town of Mayodan’s total long-term debt decreased by \$355,843 (32%) during the past fiscal year, primarily due to the retirement of installment purchases and WWTP revolving loan.

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 \$22,406,135. The town has no bonds authorized but un-issued at June 30, 2023.

Additional information regarding the Town of Mayodan’s long-term debt can be found in note II 5 beginning on page 56 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.

- Mayodan is home to several manufacturing industries. Gildan purchased Frontier Spinning this past year to improve their production ability and timing. They maintained ownership of the location off NC135 and sold the Turner Road location to Milliken. Blow Molded and Sturm Ruger both experienced difficulties in located personnel and delayed production of certain products until this issue can be resolved. However, all industries continue to work full shifts with no layoffs. Gildan continues to improve their production lines with upgraded equipment and removal of outdated equipment. This increase in capital improvement 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.
- 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

Management Discussion and Analysis

Town of Mayodan

- spring. This draws in excess of 2,500 visitors to the park in a given weekend. Hosting the championship event in the park increases the potential for more visitors, increased sales tax, and fee payments to the Town. In the next fiscal year, the Town of Mayodan will receive a direct allocation from the North Carolina State Budget of \$350,000 for improvements to both Farris Memorial and Elliott Duncan Parks.
- 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, Instagram, the website, podcasts, 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 outside 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, 2023

- Ad valorem tax rate set at \$0.665 per \$100 of taxable value
- The water and sewer rates remain stable at \$6.75 per 1,000 gallons for internal customers. External customer rates increased from \$13.50 per 1,000 gallons to \$16.88 per 1,000 gallons.
- The Town continues to make significant improvements to water and sewer infrastructure and the sewer plant. This includes an agreement to provide sewer treatment for the US220 corridor south where growth is anticipated. The agreement provides a total of over \$7million for the purchase of capacity.
- 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 utilized a portion of the funds received last fiscal year for the Washington Mills Brownfield site to remove six debris piles including hazardous waste. The Town continues to work with the EPA and State of North Carolina to clean up the site and put it back into use. The grant was extended until June 30, 2028.

Governmental Activities: Budgeted expenditures in the General Fund are expected to remain stable for the year ended June 30, 2023.

Requests for Information

Management Discussion and Analysis
Town of Mayodan

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, 2023

Exhibit 1

ASSETS	Governmental Activities	Business-Type Activities	Total
Cash and cash equivalents	2,469,714	4,608,980	7,078,694
Taxes receivable, net of allowance for uncollectibles of \$13,571	18,900	-	18,900
Customer receivables, net of allowance for uncollectibles of \$44,826 and \$92,486, respectively	42,038	634,233	676,271
Prepaid Expense	11,252	-	11,252
Due from other governments	247,256	250,939	498,195
Internal balances	571,432	(571,432)	-
Inventory	-	309,777	309,777
Total Current Assets	3,360,592	5,232,497	8,593,089
Restricted Assets			
Cash and Temporary Investments	889,318	622,779	1,512,097
Non-Current Assets			
Due From Other Governments	-	-	-
Capital assets			
Land	687,704	111,061	798,765
Other capital assets, net of depreciation	2,050,029	13,706,528	15,756,557
Total Capital Assets	2,737,733	13,817,589	16,555,322
Total Assets	6,987,643	19,672,865	26,660,508
Deferred Outflows of Resources			
Pension deferrals	720,254	254,079	974,333
OPEB deferrals	552,799	236,914	789,713
Total deferred outflows of resources	1,273,053	490,993	1,764,046
LIABILITIES			
Accounts payable and accrued liabilities	102,113	346,840	448,953
Compensated absences payable	119,891	68,431	188,322
Unearned revenue	972,338	1,827,687	2,800,025
Customer deposits	-	47,295	47,295
Net OPEB obligation	2,984,547	1,299,969	4,284,516
Net pension liability	813,652	382,895	1,196,547
Net pension obligation-Separation Allowance	647,943	-	647,943
Long-term notes payable			
Due within one year	63,701	293,656	357,357
Due in more than one year	229,110	186,659	415,769
Total liabilities	5,933,295	4,453,432	10,386,727
Deferred Inflows of Resources			
Pension deferrals	142,035	2,727	144,762
OPEB deferrals	1,105,434	481,490	1,586,924
Total deferred inflows of resources	1,247,469	484,217	1,731,686
Net Position			
Net investment in capital assets	2,444,922	13,337,274	15,782,196
Restricted for:			
Economic Development	830	-	830
Cemetery	142,663	-	142,663
Public safety	112,233	-	112,233
Transportation	198,915	-	198,915
Stabilization by State Statute	318,612	-	318,612
Unrestricted	(2,138,243)	1,888,935	(249,308)
Total net position	1,079,932	15,226,209	16,306,141

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, 2023

Exhibit 2

	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues			Primary Government		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants Grants and Contributions	Governmental Activities	Business- Type Activities
Primary Government:						
Governmental Activities:						
General government	501,851	102,070	-	142,243	(257,538)	(257,538)
Public Safety	1,648,461	854	181,145	-	(1,466,462)	(1,466,462)
Transportation	473,690	-	78,434	-	(395,256)	(395,256)
Economic Development	120,987	-	-	-	(120,987)	(120,987)
Environmental Protection	242,004	222,146	1,965	-	(17,893)	(17,893)
Cultural and Recreation	944,680	36,113	569,923	-	(338,644)	(338,644)
Cemeteries	85	14,000	-	-	13,915	13,915
Interest on long-term debt	8,730	-	-	-	(8,730)	(8,730)
Special Appropriations	6,707	-	-	-	(6,707)	(6,707)
Total Governmental Activities	3,947,195	375,183	831,467	142,243	(2,598,302)	(2,598,302)
Business Type Activities						
Water Fund	2,891,268	3,806,499	-	609,553	1,524,784	1,524,784
Total	6,838,463	4,181,682	831,467	751,796	(2,598,302)	(1,073,518)
General Revenues:						
Property Taxes, Levied for General Purposes					1,868,850	1,868,850
Taxes Other than Property Taxes					878,956	878,956
Unrestricted Intergovernmental Allocations					302,834	302,834
Sale of assets					38,572	38,572
Investment Earnings					17,896	30,599
Miscellaneous					22,802	22,802
Transfers					(142,243)	142,243
Total General Revenues, Special Items, and Transfers					2,987,667	172,842
Change in Net Position					389,365	1,697,626
Net Position - Beginning					690,567	13,528,583
Net Position - Ending					1,079,932	15,226,209

Town of Mayodan, North Carolina
Balance Sheet
Governmental Funds
June 30, 2023

Exhibit 3

	Major		Total
	General Fund	American Rescue Plan Act Fund	
Assets:			
Cash and cash equivalents	2,469,714		2,469,714
Restricted Cash	886,818	2,500	889,318
Receivables:			
Taxes (net)	18,900		18,900
Accounts Receivable (net)	42,038		42,038
Street assessments	4,134		4,134
Prepaid Expenses	11,253		11,253
Due from other funds	33,771	537,661	571,432
Due from other governmental units	247,256		247,256
Total assets	3,713,884	540,161	4,254,045
Liabilities, Deferred Inflows and Fund Balances			
Liabilities:			
Accounts payable and accrued liabilities	102,114	-	102,114
Unearned Revenue	432,177	540,161	972,338
Total liabilities	534,291	540,161	1,074,452
Deferred Inflows of Resources			
Street Assessments Receivable	4,134		4,134
Property Taxes Receivable	18,900		18,900
Total Deferred Inflows of Resources	23,034	-	23,034
Fund Balances:			
Non-Spendable			
Prepaid Expenses	11,253		11,253
Restricted			
Streets	198,915		198,915
Cemetery	142,663		142,663
Public Safety	112,233		112,233
Economic Development	830		830
Stabilization by State Statute	329,865		329,865
Assigned			
Subsequent Year's Expenditures	41,000		41,000
Unassigned	2,319,800		2,319,800
Total Fund Balances	3,156,559	-	3,156,559
Total Liabilities and Fund Balances	3,713,884	540,161	4,254,045
Total Fund Balance			3,156,559
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.			2,737,733
Net pension liability			(813,652)
Deferred outflows of resources related to pensions and OPEB			1,273,053
Deferred inflows of resources related to pensions and OPEB			(1,247,469)
Liabilities for earned revenues considered deferred inflows of resources in fund statements			18,900
Liabilities not due and payable in current period and not reported in net position as follows:			
Long-term notes payable		(292,811)	
Net pension obligation-separation allowance		(647,943)	
Compensated absences payable		(119,891)	
Net OPEB obligation		(2,984,547)	
Total Net Position of Governmental Activities			1,079,932

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, 2023

Exhibit 4

	Major		Total Governmental Funds
	General Fund	American Rescue Plan Act Fund	
Revenues:			
Ad valorem taxes	1,869,041		1,869,041
Other taxes	878,956		878,956
Unrestricted intergovernmental revenues	302,834		302,834
Restricted intergovernmental revenues	805,110	142,243	947,353
Permits and fees	2,070		2,070
Sales and services	364,074		364,074
Investment earnings	17,896		17,896
Insurance claims	4,841		4,841
Contributions and grants:	-		-
Private foundations and not-for-profits	10,000		10,000
Sale of surplus assets	38,572		38,572
Miscellaneous	43,357		43,357
	4,336,751	142,243	4,478,994
Expenditures:			
General government	480,986		480,986
Public safety	1,591,101		1,591,101
Transportation	468,658		468,658
Economic development	120,987		120,987
Environmental protection	199,120		199,120
Cultural and recreational	956,149		956,149
Cemetery	85		85
Debt Service	72,430		72,430
Special appropriations	6,708		6,708
	3,896,224	-	3,896,224
Revenue over (under) expenditures	440,527	142,243	582,770
Other financing sources (uses)			
Operating transfers (to) from other funds, net	-	(142,243)	(142,243)
	-	(142,243)	(142,243)
Increase (decrease) in fund balance	440,527	-	440,527
Fund balance, beginning of year,	2,716,032	-	2,716,032
Fund balance, end of year	3,156,559	-	3,156,559

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, 2023

Exhibit 4
(continued)

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

Net changes in fund balances - total governmental funds 440,527

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	154,548	
Depreciation	<u>(243,411)</u>	(88,863)

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

Pension	151,883	
OPEB	90,083	
Police officer separation payments	<u>29,132</u>	271,098

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

Change in unavailable revenue		(191)
Change in accrued interest on taxes		-

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	-	
Principal payments on long-term debt	<u>63,701</u>	63,701

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	(5,353)	
Net OPEB Obligation	18,128	
Net Pension Obligation - Police Officer Separation	(68,392)	
Pension expense	<u>(241,290)</u>	<u>(296,907)</u>

Total changes in net assets of governmental activities		<u><u>389,365</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, 2023

Exhibit 5

General Fund				
	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenue:				
Ad valorem taxes	1,737,010	1,737,010	1,869,041	132,031
Other taxes	630,250	630,250	878,956	248,706
Unrestricted intergovernmental Revenues	265,000	265,000	302,834	37,834
Restricted intergovernmental Revenues	297,949	1,232,949	805,110	-427,839
Permits and Fees	500	500	2,070	1,570
Sales and Services	280,900	292,500	364,074	71,574
Investment earnings	1,849	1,849	17,896	16,047
Insurance claims	0	4,841	4,841	0
Contributions and grants:				
Private foundations and not-for-profits	10,000	10,000	10,000	0
Miscellaneous	2,526	3,067	2,816	-251
Sale of assets	2,000	38,471	38,572	101
Miscellaneous	18,600	18,600	40,541	21,941
	3,246,584	4,235,037	4,336,751	101,714
Total Revenue				
General government	465,569	494,953	480,986	13,967
Public safety	1,581,075	1,680,816	1,591,101	89,715
Transportation	482,940	519,411	468,658	50,753
Economic development	134,357	134,357	120,987	13,370
Environmental protection	238,544	240,414	199,120	41,294
Cultural and recreational	471,573	1,398,494	956,149	442,345
Cemetery	1,500	1,500	85	1,415
Debt Service	48,316	48,316	72,430	-24,114
Special Appropriations	6,710	6,710	6,708	2
	3,430,584	4,524,971	3,896,224	628,747
Total Expenditures				
Revenue over (under) Expenditures	(184,000)	(289,934)	440,527	730,461
Other financing sources (uses)				
Operating transfer from (to) other funds	0	0	0	0
Fund Balance Appropriated	184,000	289,934	0	-289,934
	184,000	289,934	0	-289,934
Excess of Revenues and Other Sources Over (under) Expenditures and other uses	0	0	440,527	440,527
Fund balance, beginning of year			2,716,032	
Fund balance, end of year			3,156,559	

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, 2023

Exhibit 6

	Enterprise Fund
Assets:	
Current assets:	
Cash and temporary investments	4,608,980
Accounts receivable-customers (net of estimated uncollectible accounts)	634,233
Inventory	309,777
Due from other governments	250,939
Total current assets	5,803,929
Non-current assets:	
Due from other governments	0
Restricted assets:	
Cash and temporary investments	622,779
Capital assets (net of accumulated depreciation)	13,817,589
Total assets	20,244,297
Deferred outflows of resources	
Pension deferrals	254,079
OPEB deferrals	236,914
Total deferred outflows of resources	490,993
Total assets and deferred outflow of resources	20,735,290
Liabilities, Deferred Inflows of Resources and Net Position:	
Liabilities:	
Current liabilities:	
Accounts payable	346,840
Accrued salaries	7,049
Customer deposits	47,295
Due to Other Funds	571,432
Notes payable - current maturities	293,656
Total current liabilities	1,266,272
Other liabilities:	
Accrued vacation pay	61,382
Net pension liability	382,895
Notes payable - non-current maturities	186,659
Net OPEB obligation	1,299,969
Unearned revenue	1,827,687
Total other liabilities	3,758,592
Total liabilities	5,024,864
Deferred inflows of resources:	
Pension deferrals	2,727
OPEB deferrals	481,490
Total deferred outflows of resources	484,217
Net Position:	
Net Investment in capital assets	13,337,274
Unrestricted	1,888,935
Total Net Position	15,226,209
Total liabilities, deferred inflows of resources and net position	20,735,290

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, 2023

Exhibit 7

	<u>Enterprise Fund</u>
Operating Revenue:	
Water and sewer charges	3,546,022
Other operating revenues	<u>260,477</u>
Total revenues	<u>3,806,499</u>
Operating expenses:	
Water Department	417,122
Water Plant	689,569
Sewer Department	489,467
Waste Water Treatment Plant	565,108
Bad Debt	50,592
Utility Service Fee	<u>100,000</u>
Total operating expenses other than depreciation	2,311,858
Depreciation	<u>557,821</u>
Total operating expenses	<u>2,869,679</u>
Net operating income	<u>936,820</u>
Non-operating revenues (expenses)	
Capital Contributions	609,553
Interest income	30,599
Transfer from ARPA Fund	142,243
Transfer from General Fund to retire debt	-
Insurance Claims	-
Interest expense	<u>(21,589)</u>
Net non-operating revenue (expense)	<u>760,806</u>
Net Income/(Loss)	1,697,626
Total Net Position - beginning of year	<u>13,528,583</u>
Total Net Position - end of year	<u><u>15,226,209</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, 2023

Exhibit 8

	Enterprise Fund
Cash flows from operating activities:	
Cash received from customers	3,383,494
Cash paid for goods & services	(1,503,139)
Cash paid to employees	(657,413)
Customer deposits and refunds received	2,150
Other operating revenue	3,190
Net cash provided by operating activities	1,228,282
Cash flows from non-capital financing activities:	
Increase (decrease) in due to other funds	561,801
Net cash used by non-capital financing activities	561,801
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(727,060)
Insurance claims received	-
Capital contribution from other governments	2,089,250
Principal paid on bond and equipment contracts	(292,142)
Interest paid on bonds and equipment contracts	(21,589)
Transfer from ARPA Fund	142,243
Net cash used by capital and related financing activities	1,190,702
Cash flows from investing activities:	
Interest on investments	20,501
Interest Received From other governments	10,098
Principal Received from other governments	189,813
Net cash used for investing activities	220,412
Net increase (decrease) in cash and cash equivalents	3,201,197
Cash and cash equivalents at beginning of year	2,030,562
Cash and cash equivalents at end of year	5,231,759
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income (Loss)	936,820
Adjustments to reconcile operating income (Loss) to net cash provided by operating activities:	
Depreciation	557,821
Amortization of revenue from Waste Water Treatment Rights	(189,812)
Change in assets and Liabilities:	
(Increase) decrease in accounts receivables customers	(179,410)
(Increase) decrease in inventories	(144,612)
Net pension expense	29,168
Net OPEB expense	(69,609)
Increase (decrease) in accounts payable	326,141
Increase (decrease) in customer deposits	2,151
Increase (decrease) in accrued salaries	(19,592)
Increase (decrease) in accrued vacation pay	7,218
(Increase) decrease in due from other governments	(28,002)
Total Adjustments	291,462
Net cash provided by operating activities	1,228,282

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

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, 2023

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
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For the Fiscal Year Ended June 30, 2023

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.

D. Budgetary Data

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

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

1. Deposits and Investments

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

State law [G.S. 159-30 (c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances; and the North Carolina Capital Management Trust (NCCMT).

2. Cash and Cash Equivalents

The Town maintains separate bank accounts for each fund as needed. All cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Town considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash and cash equivalents.

Town of Mayodan, North Carolina
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3. Restricted Assets

The Town maintains separate bank accounts and certificates of deposits for each of its restricted assets. The unexpended loan proceeds of the Water and Sewer Fund is classified as restricted assets for the enterprise fund because their use is restricted for the purpose for which the loan was originally issued. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. The Town has reserved monies for the retirement of a USDA Loan.

Town of Mayodan Restricted Cash

Governmental Activities	
Streets	\$ 198,915
Cemetery	142,663
Public Safety	112,233
Economic Development	830
American Rescue Plan Act	2,500
Deferred Grant Revenue	432,177
Total governmental activities	889,318
Business-type Activities	
Water and Sewer Fund	
Loan Reserve	37,823
Customer Deposits	47,295
Due to ARPA	537,661
Total Business-type Activities	622,779
Total Restricted Cash	\$ 1,512,097

4. Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1; (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2022.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

6. Inventory and Prepaid Items

The inventory of the Town is valued at cost (first-in, first-out), which approximates market. The inventory of the Town's enterprise fund consists of material and supplies held for subsequent use. The cost of these inventories is expensed when consumed rather than when purchased.

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

7. Capital Assets

Capital assets are recorded by the government as assets when the cost is equal to or greater than \$2,500 and the asset has a useful life of two or more years. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received before June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015 are recorded at acquisition value. Effective July 1, 2003 general infrastructure assets are recorded at cost. The plant and equipment in the proprietary funds of the Town are recorded at original cost at the time of acquisition. Plant assets of the Town are depreciated on a composite straight-line basis for the entire plant, regardless of the year of acquisition, at a 2% annual rate.

Other assets of the Town are depreciated over their useful lives on a straight-line basis as follows:

Asset Class	Estimated Useful Lives
Vehicles and small trucks	5
Equipment and furniture	10
Mobile equipment and large trucks	10
Buildings	30

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, contributions made to the pension plan and for other postemployment benefit (OPEB) payments made in the 2023 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents

an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has only four items that meet the criterion for this category – street assessments and property taxes receivable, pension deferrals and OPEB deferrals.

9. Long-Term Debt

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

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

10. Compensated Absences

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

The Town's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Inventories - portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.

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

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

Town of Mayodan, North Carolina
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Restricted for Streets - Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for certain police and fire expenditures.

Restricted for Cemetery – portion of fund balance that is restricted by revenue source for maintenance of the Town of Mayodan Cemetery.

Restricted for Economic Development – portion of fund balance that is restricted for economic development.

Committed Fund Balance –portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of Town of Mayodan’s governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

Subsequent year’s expenditures – portion of fund balance that is appropriated in the next year’s budget that is not already classified in restricted or committed. The governing body approves the appropriation.

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

The Town does not have a minimum fund balance policy or a revenue spending policy.

12. Defined Benefit Cost-Sharing Plans

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Governmental Employees’ Retirement System (LGERS) and additions to/deductions from LGERS’ fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Mayodan’s employer contributions are recognized when due and the Town of Mayodan has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

Town of Mayodan, North Carolina
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For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

F. Leases

Governmental Accounting Standards Board (GASB) Statement 87, Leases, went into effect beginning July 1, 2021. GASB Statement 87 requires the recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the lease contract. Under the statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

The current leases of the Town of have been reviewed by management and determined to be immaterial to the overall financial statements, thus not recognized as assets or liabilities on the statement of net position. All future leasing arrangements will be reviewed and recognized as assets or liabilities as deemed appropriate.

II. Detail Notes on All Funds

A. Assets

1. Deposits

All the deposits for the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agents in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under collateralization, and this risk may increase in periods of high cash flows.

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However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method.

The Town has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions, and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2023 the Town's deposits had a carrying amount of \$8,590,791 and a bank balance of \$8,662,640. The Town's bank balances are fully covered by federal depository insurance or by collateral held under the pooling method. At June 30, 2023, the Town's petty cash fund totaled \$200.00.

2. Receivables - Allowance for Doubtful Accounts

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

	<u>June 30, 2023</u>
General Fund	
Taxes Receivable	\$ 13,571
Accounts Receivable	44,826
Enterprise funds - Water and Sewer Fund	<u>92,486</u>
	<u><u>\$ 150,883</u></u>

Town of Mayodan, North Carolina
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Exhibit 9

3. Capital Assets

Capital asset activity for the Town of Mayodan for the year ended June 30, 2023 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets not being depreciated:				
Farris Park	201,000			201,000
Land - Other	233,717			233,717
Washington Mills Property	249,988			249,988
Construction in Progress	3,000			3,000
Total capital assets not being depreciated	687,705	-	-	687,705
Capital assets being depreciated:				
Buildings	1,095,085	9,396		1,104,481
Land improvements	50,608			50,608
Farris Park	807,295			807,295
Furniture and equipment	1,431,854	78,332	32,835	1,477,351
Vehicles and motorized equipment	1,876,611	66,820	33,133	1,910,298
Infrastructure -road	1,028,866			1,028,866
Total capital assets being depreciated	6,290,319	154,548	65,968	6,378,899
Less accumulated depreciation for:				
Buildings	742,606	38,967		781,573
Land improvements	18,273	2,358		20,631
Farris Park improvements	603,807	12,732		616,539
Furniture and equipment	1,210,670	63,838	32,835	1,241,673
Vehicles and motorized equipment	1,409,738	104,939	33,133	1,481,544
Infrastructure -road	166,335	20,577		186,912
Total accumulated depreciation	4,151,429	243,411	65,968	4,328,872
Total capital assets being depreciated, net	2,138,890			2,050,027
Governmental activity capital assets, net	2,826,595			2,737,732

Town of Mayodan, North Carolina
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Depreciation expense was charged to functions/programs of the primary government as follows:

	<u>June 30, 2023</u>				
General Government	12,662				
Public Safety	131,448				
Transportation	50,764				
Cultural and Recreational	<u>48,537</u>				
 Total depreciation expense	 <u>243,411</u>				
	<u>Beginning</u>	<u>Increases</u>	<u>Transfers</u>	<u>Decreases</u>	<u>Ending</u>
	<u>Balances</u>				<u>Balances</u>
Water and Sewer Fund					
Capital assets not being depreciated:					
Land	111,061				111,061
Construction in progress	<u>39,000</u>	303,364			<u>342,364</u>
 Total capital assets not being depreciated	 <u>150,061</u>	 <u>303,364</u>	 <u>-</u>	 <u>-</u>	 <u>453,425</u>
Capital assets being depreciated:					
Plant and distribution systems and buildings	24,073,444	395,580			24,469,024
Furniture and equipment	895,667	19,039			914,706
Vehicles	<u>349,478</u>	<u>9,078</u>			<u>358,556</u>
 Total capital assets being depreciated	 <u>25,318,589</u>	 <u>423,697</u>	 <u>-</u>	 <u>-</u>	 <u>25,742,286</u>
Less accumulated depreciation for:					
Plant and distribution systems	10,852,565	478,361			11,330,926
Furniture and Equipment	680,977	56,113			737,090
Vehicles	<u>286,759</u>	<u>23,347</u>			<u>310,106</u>
 Total accumulated depreciation	 <u>11,820,301</u>	 <u>557,821</u>	 <u>-</u>	 <u>-</u>	 <u>12,378,122</u>
 Total capital assets being depreciated, net	 <u>13,498,288</u>				 <u>13,364,164</u>
 Business-type Activities Capital Assets, Net	 <u>13,648,349</u>				 <u>13,817,589</u>

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Notes to the Financial Statements
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4. Non-Current Assets:

A. Amount due from other governments:

At June 30, 2004, the Town had obtained approval for a state revolving fund loan in the amount of \$5,500,000. The loan was obtained for additional capacity on its waste-water treatment plant, to enable Mayodan to treat waste-water for the municipalities of Madison and Stoneville. The Town of Mayodan owns the system and is responsible for all of the debt, but the Town of Madison was responsible for a note to the Town of Mayodan in the amount of \$2,766,421 and the Town of Stoneville was responsible to the Town of Mayodan for a note in the amount of \$1,029,835. These notes are being amortized over a 20-year period and bear interest at the rate of 2.66%.

At June 30, 2023 the balances were as follows:

Due from the Town of Madison	138,321
Due from the Town of Stoneville	51,492
	189,813

The receivables were credited to an Unearned Revenue account which is being amortized over a 20-year life using the straight-line method.

B. Liabilities

1. Pension Plan Obligations and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times

Town of Mayodan, North Carolina
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the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Mayodan employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Mayodan's contractually required contribution rate for the year ended June 30, 2023, was 13.04% of compensation for law enforcement officers and 12.22% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Mayodan were \$224,454 for the year ended June 30, 2023.

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

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

At June 30, 2023, the Town reported a liability of \$1,196,547 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Town’s proportion of the net pension liability was based on a projection of the Town’s long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the Town’s proportion was .02121%, which was a decrease of .00019% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2022, the Town recognized pension expense of \$343,030. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	51,558	5,055
Changes in assumptions	119,389	
Net difference between projected and actual earnings on pension plan investments	395,471	
Changes in proportion and differences between Town contributions and proportionate share of contributions	3,125	3,468
Town contributions subsequent to the measurement date	224,454	
Total	793,997	8,523

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\$224,454 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	\$ 176,734
2025	151,419
2026	44,457
2027	188,410
2028	-
Thereafter	-
	\$ 561,020

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

Inflation	2.5 percent
Salary increases	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed

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Exhibit 9

income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	0.9%
Global Equity	38.0%	6.5%
Real Estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation Protection	6.0%	2.7%
Total	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town's proportionate share of the net pension liability to changes in the discount rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50 percent, as well as what the Town's proportionate share of the net pension asset or liability would be if it were calculated using a discount rate that is one percentage point lower (5.50 percent) or one percentage point higher (7.50 percent) than the current rate:

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	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	2,159,613	1,196,547	402,924

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

b. Law Enforcement Officers Special Separation Allowance

1. Plan Description.

The Town of Mayodan administers a public employee retirement system (the *Separation Allowance*), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2021, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>15</u>
Total	<u>17</u>

2. Summary of Significant Accounting Policies

Basis of Accounting. The Town has chosen to fund the Separation Allowance on a pay as you go basis. Pension expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits are recognized when due and payable in accordance with the terms of the plan.

The Separation Allowance has no assets accumulated in a trust that meets the criteria which are outlined in GASB Statement 73.

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3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2021 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation
Discount rate	4.31 percent

The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate index.

All mortality rates are projected from 2010 using generational improvement with scale MP-2019.

4. Contributions.

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town’s obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town made \$29,132 in Separation Allowance payments for the year ended June 30, 2023.

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

At June 30, 2023, the Town reported a total pension liability of \$647,943. The total pension liability was measured as of December 31, 2022 based on a December 31, 2021 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2022 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2023, the Town recognized pension expense of \$68,392.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 80,015	\$ 38,638
Changes of assumptions	83,294	97,601
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>17,027</u>	<u>-</u>
Total	<u>\$ 180,336</u>	<u>\$ 136,239</u>

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The \$17,027 reported as deferred outflows of resources related to pensions will be recognized as a decrease of the total pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	14,632
2025	20,316
2026	20,516
2027	(12,006)
2028	(16,388)
Thereafter	-

Sensitivity of the Town's total pension for the separation allowance liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 4.31 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.31 percent) or 1-percentage-point higher (5.31 percent) than the current rate:

	1% Decrease (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
Total pension liability	\$ 694,761	\$ 647,943	\$ 604,997

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

	2023
Beginning Balance as of December 31, 2021	\$ 755,338
Service Cost	31,880
Interest on the total pension liability	16,723
Differences between expected and actual experience	(30,856)
Changes of assumptions or other inputs	(100,932)
Benefit Payments	(24,210)
Ending balance of the total pension liability as of December 31, 2022	<u>\$647,943</u>

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

Town of Mayodan, North Carolina
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The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an experience study completed by the actuary for the local governmental employees' retirement system for the five year period ending December 31, 2019.

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 343,029	\$ 68,392	\$ 411,421
Pension Liability	1,196,547	647,943	1,844,490
Proportionate share of the net pension liability		NA	
Deferred of Outflows of Resources:			
Differences between expected and actual experience	51,558	80,015	131,573
Changes of assumptions	119,389	83,294	202,683
Net difference between projected and actual earnings on plan investments	395,471		395,471
Changes in proportion and differences between contributions and proportionate share of contributions	3,125		3,125
Benefit payments and administrative costs paid subsequent to the measurement date	224,454	17,027	241,481
	793,997	180,336	974,333
Deferred of Inflows of Resources			
Differences between expected and actual experience	5,055	38,638	43,693
Changes of assumptions		97,601	97,601
Net difference between projected and actual earnings on plan investments			-
Changes in proportion and differences between contributions and proportionate share of contributions	3,468		3,468
	8,523	136,239	144,762

c. Supplemental Retirement Income Plan for Law Enforcement Officers and All Other Full-Time Employees

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Town contributes five percent of general employees' salaries as well as five percent for law enforcement officers' salaries.

All employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2023 were \$181,878 which consisted of \$92,871 from the Town and \$89,007 from the employees.

d. Firemen's and Rescue Squad Worker's Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Mayodan, to the Firefighter's and Rescue Squad Workers' Pension Fund (fund) (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers that have elected to become members of the fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the state Senate, one appointed by the state House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Firefighter's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker, and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the plan. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2023, the State contributed \$19,352,000 to the plan. The Town's proportionate share of the State's contribution is \$9,280.

Refunds of Contributions – Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

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

At June 30, 2023, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension asset that was associated with the Town and supported by the State was \$10,228. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2023 and at June 30, 2022 was 0%.

For the year ended June 30, 2022, the Town recognized pension expense of \$2,395 and revenue of \$2,395 for support provided by the State. At June 30, 2023, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

Discount rate. The discount rate used to measure the total pension liability was 7.00%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Town of Mayodan, North Carolina
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Exhibit 9

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

e. Other Postemployment Benefits

1. Postemployment Health Care Benefits

Plan Description. Employees of the Town of Mayodan who retire under the North Carolina Local Government Employees’ Retirement System (NCLGERS) and draw benefits from the System may continue in the Town’s group health plan. The Town pays the full cost of coverage for employees’ benefits through North Carolina League of Municipalities Risk Management Services. Employees hired on or before July 14, 2008 who retires with a minimum of 20 years of creditable service also have the option of purchasing coverage for themselves and dependents at the Town’s group rate. Employees hired on or after July 14, 2008 who retire with less than 15 years of service are not eligible for postemployment coverage. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The Town Council may amend the benefit provisions. A separate report was not issued for the plan.

The Town will pay the premium for coverage based on the years of Town service of the retired employee according to the following schedules:

1) If hired on or before 7/14/2008:

Years of Town Service at Retirement	Town Contribution
5 – 19	0%
20 or more	100%

2) If hired after 7/14/2008:

Years of Town Service at Retirement	Town Contribution
15 – 19	33%
20 – 29	66%
30 or more	100%

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Health care and prescription drugs, dental and vision coverage are provided by the Town's group health plan. Retirees must pay the full premium for dental and vision coverage. The retiree may continue dependent coverage (and pay the full cost of this coverage) if enrolled in dependent coverage at the time of retirement. Dependent coverage terminates 3 years after the retirees' death.

Membership of the Health Care Plan consisted of the following at June 30, 2021, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retired members receiving benefits	15	2
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	6	15
Total	21	17

Total OPEB Liability

The Town's OPEB liability of \$4,284,516 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 %
Real Wage Growth	0.75 %
Wage Inflation	3.25 %
Salary Increases, including wage inflation	
General Employees	3.25 % - 8.41 %
Fire Fighters	3.25 % - 8.15 %
Law Enforcement Officers	3.25 % - 7.90 %
Municipal Bond Index Rate	
Prior Measurement Date	2.16%
Measurement Date	3.54%
Healthcare cost trend rates	
Pre-Medicare- Medical and Prescriptions	7.0% for 2021 decreasing to an ultimate rate of 4.5% by 2031
Medicare Medical and Prescription Drug	5.125% for 2021 decreasing to an ultimate rate of 4.5% by 2024

The Town selected a Municipal Bond Index Rate equal to the Bond Buyer 20-year General Obligation Bond Index published at the last Thursday of June by The Bond Buyer, and the Municipal Bond Index Rate as of the measurement date as the discount rate used to measure the TOL.

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Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2021	\$ 5,229,881
Changes for the year	
Service Cost	135,475
Interest on TOL and cash flows	114,244
Changes of benefit terms	-
Differences between expected and actual experience	4,816
Changes in assumptions or other inputs	(1,046,526)
Benefits payments	(153,374)
Net Changes	(945,365)
Balance at June 30, 2022	\$ 4,284,516

Mortality rates were based on the Pub-2010 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2019.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increased used in the June 30, 2022 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following exhibit presents the total OPEB liability at the Town, as well as what the Town’s total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.54 percent) or 1-percentage-point higher (3.54 percent) than the current discount rate.

	1% Decrease (2.54 %)	Current Discount Rate (3.54%)	1% Increase (4.54 %)
Total OPEB Liability	\$ 5,005,830	\$ 4,284,516	\$ 3,716,662

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates. The following presents the total OPEB liability of the Town, as well as what the Town’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-lower or 1-percentage-higher than the current healthcare cost trend rates:

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 3,654,013	\$ 4,284,516	\$ 5,095,109

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

For the year ended June 30, 2023, the Town recognized OPEB expense of \$(30,179). At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	22,144	640,404
Changes of assumptions	619,927	946,520
Benefit payments and administrative costs made subsequent to the measurement date	147,641	
Total	789,712	1,586,924

\$147,641 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2023. Other amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	
2024	\$ (264,030)
2025	(208,282)
2026	(295,323)
2027	(177,218)
2028	-
Thereafter	-

Funding Policy. The Town pays the cost of coverage for the healthcare benefits paid to qualified retirees according to the schedule under the plan description. The Town has chosen to fund the healthcare benefits on a pay as you go basis.

2. Other Employment Benefit

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than

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\$25,000. Because death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

The Town has deferred outflows and inflows of resources. Deferred outflows of resources at year end are composed of the following:

Contributions to pension plan in current fiscal year (Pensions)	241,481
Contributions to OPEB plan in current fiscal year (OPEB)	147,641
Benefit Payments for separation allowance	-
Differences between expected and actual experience	153,717
Differences between projected and actual earnings on pension plan investments	395,471
Change in assumptions	822,610
Change in proportion and differences between Town contributions and proportionate share of contributions	3,125
	<u>1,764,045</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Prepaid Taxes	-	-
Other Receivables		4,134
Property Tax Receivable		18,900
Differences between expected and actual experience	684,097	
Differences between projected and actual earnings on pension plan investments	-	
Changes in proportion and differences between Town contributions and proportionate share of contribution	3,468	
Changes of assumptions (Separation allowance)	97,601	
Changes of assumptions (OPEB)	946,520	
	<u>1,731,686</u>	<u>23,034</u>

4. Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town participates in three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, workers' compensation coverage up to statutory limits, and employee health coverage. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Medical stop loss insurance is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request. Also, the Town carries coverage for employee benefits liability and public officials' liability coverage with annual aggregate coverage of certain dollar limits.

The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town carries limited flood coverage insurance through the Interlocal Risk Financing Fund of NC for all property of the Town located in flood rate zones that correspond to areas outside the 1 percent annual chance floodplain.

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

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5. Long-Term Obligations

a. Revolving Fund Loan

At June 30, 2004 the Town had obtained approval for a state revolving fund loan in the amount of \$5,500,000. The loan was obtained for additional capacity on its wastewater treatment plant, to enable Mayodan to treat wastewater for the municipalities of Madison and Stoneville. The proceeds on this loan amounted to \$5,048,213. This loan has been approved to be funded over a period of 20 years at an interest rate of 2.66%. The completion date was May, 2005.

A maturity schedule is presented as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2023-2024	<u>6,714.12</u>	<u>252,410.65</u>	<u>259,124.77</u>

b. Public Works Facilities Building Loan

The Town constructed a Public Works Facilities Building which was completed on December 31, 2004 at a total cost of \$ 788,990.98. The building was financed with a U.S.D.A. loan of \$550,000.00 and a U.S.D.A Grant in the amount of \$245,829.50. The installment agreement requires annual payments of \$33,770.00 to begin December 21, 2005 and the final payment is due December 21, 2034. The interest rate was 4.5% per year until paid in full. The loan was refinanced with First Bank during fiscal year ending June 30, 2019 in the amount of \$410,000.00. The refinanced loan has an interest rate of 3.125% and calls for monthly payments of \$3,990.96 beginning September 2018 and ending August 2028. The payment schedule is as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2023-2024	6,647.02	41,244.50	47,891.52
2024-2025	5,303.53	42,587.99	47,891.52
2025-2026	3,934.40	43,957.12	47,891.52
2026-2027	2,521.26	45,370.26	47,891.52
2027-2028	1,064.77	46,826.75	47,891.52
2028-2033	31.94	7,917.37	7,949.31
	<u>19,502.92</u>	<u>227,903.99</u>	<u>247,406.91</u>

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c. Madison-Mayodan Public Library

The Town executed an inter-local agreement with Rockingham County and the Town of Madison to fund the construction of the Madison-Mayodan Public Library. The Town's portion is being financed by an installment purchase bank loan in the amount \$312,500 for a period of fifteen years. The interest payments began February 15, 2013 and are being repaid semi-annually at a rate of 2.35%. The principal is being repaid in annual installments of \$15,833.33 which began August 15, 2013 and the final payment is due August 15, 2027.

The payment schedule is as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2023-2024	1,674.38	15,833.33	17,507.71
2024-2025	1,302.30	15,833.33	17,135.63
2025-2026	930.21	15,833.33	16,763.54
2026-2027	558.12	15,833.33	16,391.45
2027-2028	186.04	13,523.15	13,709.19
	4,651.05	76,856.47	81,507.52

d. Fire Vehicle

On February 25, 2016 the Town entered into an agreement to obtain a loan for \$237,500.00 to purchase a fire truck. (Rosenbauer Custom Pumper with Commander Chassis). The total vehicle cost was \$408,508.00 of which \$171,008.00 was paid in cash and the remainder was paid from loan proceeds. The fire truck was delivered in April 2017. Interest payments began on March 25, 2016 and are being paid monthly at a rate of 2.35%. The principal is being repaid in annual installments of \$23,750 that began on February 25, 2017. The final payment is due February 25, 2026.

The payment schedule is as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2023-2024	1,511.57	23,750.00	25,261.57
2024-2025	945.70	23,750.00	24,695.70
2025-2026	389.13	23,750.00	24,139.13
	2,846.40	71,250.00	74,096.40

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Exhibit 9

e. Knuckleboom Truck

On May 24, 2022 the Town entered into an agreement to obtain a loan for \$168,822 to purchase a knuckleboom. Interest payments began on March 14, 2022 and are being paid monthly at a rate of 2.5%. The principal is being repaid in annual installments of \$24,117.43 that began on February 14, 2023. The final payment is due February 14, 2029.

The payment schedule is as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2023-2024	3,466.90	24,117.43	27,584.33
2024-2025	2,855.88	24,117.43	26,973.31
2025-2026	2,244.34	24,117.43	26,361.77
2026-2027	1,632.95	24,117.43	25,750.38
2027-2028	1,021.64	24,117.43	25,139.07
2028-2029	409.95	24,117.42	24,527.37
	11,631.66	144,704.57	156,336.23

f. General Obligation Indebtedness

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Exhibit 9

The legal debt margin of the Town at June 30, 2023 was \$22,406,135

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

Year Ending June 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2024	63,701	6,653	293,656	13,361
2025	63,701	5,104	42,588	5,304
2026	63,701	3,564	43,957	3,934
2027	39,951	2,191	45,370	2,521
2028	37,641	1,208	46,827	1,065
2029-2033	24,117	410	7,917	32
	<u>292,812</u>	<u>19,130</u>	<u>480,315</u>	<u>26,217</u>

g. Changes in Long-Term Liabilities:

	Balance June 30, 2022	Increases	Decreases	Balance June 30, 2023	Current Portion of Balance
Governmental Activities:					
Installment Purchases -					
Fire Truck	95,000		23,750	71,250	23,750
Public Library	92,690		15,833	76,857	15,833
Knuckleboom Loader	168,822		24,117	144,705	24,117
Compensated Absences	114,538	5,353		119,891	
Net Pension Obligation(LEO)	755,338		107,395	647,943	
Net Pension Liability(LGERS)	213,324	600,328		813,652	
Net OPEB Obligation	<u>3,624,831</u>		<u>640,284</u>	<u>2,984,547</u>	
Governmental activities long-term liabilities	<u>5,064,543</u>	<u>605,681</u>	<u>811,379</u>	<u>4,858,845</u>	<u>63,700</u>
Business-Type Activities:					
Due to USDA					
Public Works Facilities Building	267,635		39,731	227,904	41,245
Regional Waste-Water Treatment Plant	504,821		252,411	252,410	252,411
Compensated Absences	80,806		12,375	68,431	
Net Pension Liability(LGERS)	114,867	268,028		382,895	
Net OPEB Obligation	<u>1,605,050</u>		<u>305,081</u>	<u>1,299,969</u>	
Business-type activities long-term liabilities	<u>2,573,179</u>	<u>268,028</u>	<u>609,598</u>	<u>2,231,609</u>	<u>293,656</u>

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2023

Exhibit 9

C. Interfund Balances and Activity

Transfers to/from Other Funds at June 30, 2023 consist of the following:

From American Rescue Plan Act Fund to Water and Sewer Fund as revenue replacement	142,243
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D. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2023, the Town of Mayodan has recognized on-behalf payments for pension contributions made by the state as revenue and an expenditure of \$2,395 for the 20 volunteers and employees who performed firefighting duties for the Town’s fire department. The volunteers and employees elected to be members of the Firemen and Rescue Worker’s Pension Fund, a cost-sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

E. Net Investment in Capital Assets

	Governmental	Business-type
Capital Assets	2,737,733	13,817,589
Less: Long-term Debt	292,811	480,315
Net investment in capital assets	2,444,922	13,337,274

F. Fund Balance

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

Total fund balance – General Fund	3,156,559
Less:	
Prepaid Expenses	11,253
Stabilization by State Statute	329,865
Streets – Powell Bill	198,915
Cemetery	142,663
Public Safety	112,233
Economic Development	830
Appropriated to Next Year	41,000
Remaining Fund Balance	2,319,800

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 \$161,004.00 to the Commission during the fiscal year ended June 30, 2023. 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. Excess of Expenditures over Appropriations

For the fiscal year ended June 30, 2023, the expenditures made in the Town's Water and Sewer Fund exceeded the authorized appropriations made by the governing board for waste water treatment plant by \$199,198. This over-expenditure occurred because of unrecorded liabilities related to capital improvements. Management and the Board will more closely review the budget reports to ensure compliance in future years.

V. Subsequent Events

Management has evaluated subsequent events through November 15, 2023, 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 Ten Fiscal Years*

Exhibit A-1

	Local Government Employees' Retirement System									
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Town of Mayodan's proportion of the net pension liability (asset) (%)	0.02121%	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) (\$)	1,196,547	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	1,780,126	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	67.22%	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**	84.14%	95.51%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

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

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

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

Exhibit A-2

Local Government Employees' Retirement System

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 224,454	\$ 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	<u>\$ 224,454</u>	<u>\$ 192,404</u>	<u>\$ 161,438</u>	<u>\$ 136,917</u>	<u>\$ 116,451</u>	<u>\$ 114,055</u>	<u>\$ 105,689</u>	<u>\$ 96,462</u>	<u>\$ 101,167</u>	<u>\$ 91,286</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>						
Town of Mayodan's covered-employee payroll	\$ 1,780,126	\$ 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	12.61%	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 Nine Fiscal Years

Exhibit A-3

Local Firefighters' and Rescue Squad Workers' Retirement System

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
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%	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	<u>9,280</u>	<u>(13,585)</u>	<u>17,994</u>	<u>19,415</u>	<u>26,848</u>	<u>24,002</u>	<u>19,529</u>	<u>20,230</u>	<u>14,927</u>
Total	<u>9,280</u>	<u>(13,585)</u>	<u>17,994</u>	<u>19,415</u>	<u>26,848</u>	<u>24,002</u>	<u>19,529</u>	<u>20,230</u>	<u>14,927</u>
Town of Mayodan's covered-employee payroll	61,271	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	15.15%	-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%	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 Six Fiscal Years

Exhibit A-4

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Beginning Balance	755,338	650,358	449,498	463,415	489,231	420,584
Service Cost	31,880	34,793	19,926	16,608	18,541	16,576
Interest on the total pension liability	16,723	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	(30,856)	100,571	28,926	(34,222)	(18,913)	18,479
Changes in assumptions or other inputs	(100,932)	(18,492)	161,959	11,479	(16,311)	25,421
Benefit payments	(24,210)	(24,210)	(24,210)	(24,210)	(24,210)	(7,911)
Other changes	-	-	-	-	-	-
Ending balance of the total pension liability	<u>647,943</u>	<u>755,338</u>	<u>650,358</u>	<u>449,498</u>	<u>463,415</u>	<u>489,231</u>

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, 2023

Exhibit A-5

	2023	2022	2021	2020	2019	2018	2017
Total pension liability	647,943	755,338	650,358	449,498	463,415	489,231	420,584
Covered payroll	786,154	789,365	703,643	641,016	650,268	674,357	582,540
Total pension liability as a percentage of covered payroll	82.42%	95.69%	92.43%	70.12%	71.27%	72.55%	72.20%

Notes to the schedule:

The Town of Mayodan has no assets accumulated in a trust that meets the 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, 2023

Exhibit A-6

Total OPEB Liability	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 135,475	\$ 149,295	\$ 97,197	\$ 132,164	\$ 141,481	\$ 162,657
Interest on the total pension liability	114,244	132,821	167,480	175,864	163,915	147,902
Change in benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	4,816	(1,090,570)	(5,406)	26,788	45,257	2,247
Changes in assumptions or other inputs	(1,046,526)	256,971	1,077,911	2,679	(264,491)	(478,627)
Benefit payments	<u>(153,374)</u>	<u>(157,822)</u>	<u>(170,425)</u>	<u>(170,334)</u>	<u>(169,044)</u>	<u>(118,540)</u>
Net Change in Total OPEB Liability	(945,365)	(709,305)	1,166,757	167,161	(82,882)	(284,361)
Total OPEB Liability - beginning	<u>5,229,881</u>	<u>5,939,186</u>	<u>4,772,429</u>	<u>4,605,268</u>	<u>4,688,150</u>	<u>4,972,511</u>
Total OPEB Liability - ending	<u><u>4,284,516</u></u>	<u><u>5,229,881</u></u>	<u><u>5,939,186</u></u>	<u><u>4,772,429</u></u>	<u><u>4,605,268</u></u>	<u><u>4,688,150</u></u>
 Covered-employee payroll	 \$ 1,064,284	 \$ 1,064,284	 \$ 981,190	 \$ 981,190	 \$ 1,337,811	 \$ 1,337,811
Total OPEB Liability as a percentage of covered-employee payroll	402.57%	491.40%	605.30%	486.39%	344.24%	350.43%

Town of Mayodan, North Carolina
General Fund Comparative Balance Sheets
June 30, 2023 and June 30, 2022

Exhibit B-1

	<u>June 30,</u> <u>2023</u>	<u>June 30,</u> <u>2022</u>
Assets		
Current Assets:		
Cash and Investments	2,469,714	1,967,927
Restricted Cash and Investments	886,818	1,540,715
Receivables (net)		-
Taxes	18,900	19,091
Accounts Receivable	42,038	39,530
Street Assessments Receivable	4,134	13,173
Prepaid Expenses	11,253	26,041
Due from other funds	33,771	7,477
Due from other Governmental Units	247,256	232,928
Total Assets	<u>3,713,884</u>	<u>3,846,882</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts Payable and Accrued Liabilities	102,114	98,587
Unearned Revenue - Washington Mills	432,177	1,000,000
Total liabilities	<u>534,291</u>	<u>1,098,587</u>
Deferred Inflows of Resources		
Street Assessments Receivable	4,134	13,173
Property Taxes Receivable	18,900	19,091
Total Deferred Inflows of Resources	<u>23,034</u>	<u>32,264</u>
Fund Balances:		
Non-Spendable		
Prepaid Expenses	11,253	26,041
Restricted		
Streets	198,915	267,997
Cemetery	142,663	126,868
Public Safety	112,233	125,724
Economic Development	830	20,127
Stabilization by State Statute	329,865	1,305,977
Assigned		
Subsequent Year's Expenditures	41,000	-
Unassigned	2,319,800	843,297
Total Fund Balances	<u>3,156,559</u>	<u>2,716,031</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>3,713,884</u>	<u>3,846,882</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, 2023
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2022)

Exhibit B-2

	2023		Variance Favorable (Unfavorable)	2022
	Budget	Actual		Actual
Revenues:				
Ad valorem taxes:				
Current Year:				
Property	1,623,210	1,727,039	103,829	1,540,073
Motor Vehicles	97,000	123,301	26,301	111,044
Prior year - Property Taxes	10,000	15,448	5,448	5,846
Motor Vehicles	50	-	(50)	-
Penalties and interest	3,250	6,997	3,747	3,907
Late Listing Penalties	3,500	1,712	(1,788)	1,030
	<u>1,737,010</u>	<u>1,874,497</u>	<u>137,487</u>	<u>1,661,900</u>
Less: Rockingham County Collection Fee				
Motor Vehicle Tax	-	4,205	(4,205)	3,871
Less: Discounts & Refunds	-	1,251	(1,251)	1,194
	<u>1,737,010</u>	<u>1,869,041</u>	<u>132,031</u>	<u>1,656,835</u>
Other Taxes & Licenses:				
Local option sales taxes	630,000	878,671	248,671	796,698
Privilege license	200	180	(20)	188
Dog license	50	105	55	107
	<u>630,250</u>	<u>878,956</u>	<u>248,706</u>	<u>796,993</u>
Unrestricted intergovernmental				
Revenues:				
Beer and wine	10,000	11,045	1,045	9,604
Franchise tax	255,000	291,789	36,789	283,750
	<u>265,000</u>	<u>302,834</u>	<u>37,834</u>	<u>293,354</u>
Restricted intergovernmental				
Revenues:				
Powell Bill funding	75,000	78,434	3,434	78,872
County Fire Department Funding	2,400	2,400	-	2,400
Madison & Mayodan Fire District	92,324	92,324	-	102,099
Firemen's Pension Fund	7,000	2,395	(4,605)	(1,496)
Solid Waste Disposal Tax	1,225	1,965	740	1,824
Grants:				
NCLM Body Armor Grant	-	500	500	2,500
NC State Fire Grant	35,000	35,209	209	-
Washington Mills	995,000	567,823	(427,177)	-
NC Gov. Crime Commission	25,000	24,060	(940)	24,000
	<u>1,232,949</u>	<u>805,110</u>	<u>(427,839)</u>	<u>210,199</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, 2023
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2022)

Exhibit B-2

	2023			2022
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Permits & Fees:				
Building Permits and Inspection Fees	500	2,070	1,570	1,220
Sales and Services:				
Solid waste fees	170,000	193,711	23,711	179,297
Fuel Surcharge	-	25,841	25,841	-
Sale of cemetery plots	10,000	14,000	4,000	14,600
Dog pound fees	100	130	30	33
Jail and arrests	500	854	354	1,153
Farris Park revenue	10,150	27,074	16,924	20,757
Truck Use Fees	1,750	2,464	714	1,807
Reimbursement - Administration Fee from W/S	100,000	100,000	-	90,000
	<u>292,500</u>	<u>364,074</u>	<u>71,574</u>	<u>307,647</u>
Investment Earnings:				
Investment earnings - General Fund	1,200	13,532	12,332	1,951
Investment earnings - Powell Bill	400	2,484	2,084	474
Investment earnings - Cemetery	249	1,880	1,631	249
	<u>1,849</u>	<u>17,896</u>	<u>16,047</u>	<u>2,674</u>
Insurance claims	<u>4,841</u>	<u>4,841</u>	<u>-</u>	<u>9,732</u>
Miscellaneous:				
Miscellaneous	3,000	15,652	12,652	5,878
Golf Cart	500	1,768	1,268	-
Miscellaneous - Police	15,100	14,082	(1,018)	3,883
Street Assessments	-	9,039	9,039	-
Donations:				
McMichael Foundation	10,000	10,000	-	10,000
Farris Park	-	2,100	2,100	3,901
Fire Department	-	175	175	-
Miscellaneous	3,067	541	(2,526)	166
Sale of assets	<u>38,471</u>	<u>38,572</u>	<u>101</u>	<u>28,450</u>
	<u>70,138</u>	<u>91,929</u>	<u>21,791</u>	<u>52,278</u>
Total Revenues	<u>4,235,037</u>	<u>4,336,751</u>	<u>101,714</u>	<u>3,330,932</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, 2023
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2022)

Exhibit B-2

	2023		Variance Favorable (Unfavorable)	2022
	Budget	Actual		Actual
Expenditures:				
General government:				
Governing Body:				
Salaries	11,400	11,400	-	11,400
FICA tax	875	872	3	872
Life insurance	187	192	(5)	166
Dental insurance	1,915	2,088	(173)	2,130
Vision insurance	505	509	(4)	497
Supplies	331	330	1	-
Travel, schools, conventions	2,835	1,761	1,074	4,175
	<u>18,048</u>	<u>17,152</u>	<u>896</u>	<u>19,240</u>
Administrative:				
Salaries	84,641	84,640	1	96,744
FICA tax	6,813	6,812	1	7,687
Group medical insurance	19,100	18,107	993	12,577
Group dental insurance	348	348	-	360
Vision insurance	84	89	(5)	91
Retirement	10,653	10,653	-	11,085
Unemployment benefits	1,139	1,139	-	-
Supplemental retirement	4,061	4,359	(298)	4,701
Attorney's fees	7,317	7,317	-	3,245
League and institute fees			-	11,388
Auto expense-Town Manager	4,800	4,800	-	5,200
Office supplies	3,609	3,263	346	3,926
Postage supplies	2,380	2,134	246	1,882
Travel, schools, training	1,934	1,874	60	161
Audit fee	13,683	13,683	-	9,400
Workman's compensation	7,635	7,634	1	13,941
Insurance and bond	17,124	17,124	-	14,754
Utilities	5,646	4,507	1,139	4,926
Telephone	8,660	8,630	30	11,362
Software/hardware	25,153	21,447	3,706	8,726
Computer maintenance	2,750	2,220	530	1,151
Service agreements	4,080	4,006	74	3,999
Miscellaneous	6,050	5,682	368	5,163
Drug testing	400	365	35	663
Election expense	-	-	-	4,226
Dan River Basin Association	-	-	-	435
Madison - Rockingham Rescue	2,000	2,000	-	2,000
Mayodan Arts Center	1,372	1,372	-	1,000
Dues and Subscriptions	35,530	35,530	-	-
Actuarial studies	5,572	5,571	1	373
	<u>282,534</u>	<u>275,306</u>	<u>7,228</u>	<u>241,166</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, 2023
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2022)

Exhibit B-2

	2023		Variance Favorable (Unfavorable)	2022
	Budget	Actual		Actual
Finance Department:				
Salaries	103,140	103,139	1	77,151
FICA tax	7,868	7,844	24	6,161
Medical insurance	13,130	13,087	43	10,177
Dental insurance	588	574	14	540
Vision insurance	183	200	(17)	119
Retirement	13,010	13,009	1	8,762
Supplemental retirement	4,925	5,323	(398)	3,928
Computer maintenance	-	-	-	1,129
Office supplies	148	148	-	1,709
Contract Accountant	11,294	11,294	-	162
Tax processing and collection service	8,850	8,849	1	8,093
Credit card transactions	10,116	10,116	-	6,578
Travel, schools, training	3,999	3,997	2	1,444
	<u>177,251</u>	<u>177,580</u>	<u>(329)</u>	<u>125,953</u>
Public Buildings:				
Utilities	3,350	2,962	388	1,608
Land Management	1,000	61	939	154
101 N 10th Ave. Maintenance	310	110	200	1,058
Janitorial services	3,000	2,933	67	3,638
Repairs	2,500	1,345	1,155	6,814
Playground Safety Zone	1,500	-	1,500	1,500
10th Avenue Utilities	5,460	3,537	1,923	4,646
Capital Outlay	-	-	-	52,500
	<u>17,120</u>	<u>10,948</u>	<u>6,172</u>	<u>71,918</u>
Total General Government	<u>494,953</u>	<u>480,986</u>	<u>13,967</u>	<u>458,277</u>
Public Safety:				
Police Department:				
Salaries F/T and P/T	838,710	838,404	306	779,063
FICA tax	63,570	63,568	2	60,669
Medical insurance	161,000	150,531	10,469	168,868
Dental insurance	5,220	4,912	308	5,066
Vision insurance	1,260	1,271	(11)	1,169
401K retirement	39,441	42,211	(2,770)	37,813
Police officers' retirement	110,085	110,085	-	91,056
Separation allowance	29,133	29,132	1	24,210
Animal Control	2,000	325	1,675	1,960
Uniforms	8,500	7,516	984	7,732
Equipment repairs	4,000	1,838	2,162	1,469
Schools and training	2,672	2,672	-	2,827
Supplies	5,250	3,098	2,152	2,138
Miscellaneous	3,600	2,114	1,486	6,891
Auto maintenance	21,841	17,288	4,553	28,903
Gas and oil	31,458	29,286	2,172	28,350
Police information network	1,020	1,020	-	1,020

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, 2023
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2022)

Exhibit B-2

	2023			2022
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Telephone	10,000	9,062	938	9,397
Utilities	6,000	4,556	1,444	4,564
Office supplies	-	-	-	1,397
Training	4,771	4,770	1	4,259
Investigation fund	-	-	-	170
Office repairs	-	-	-	2,174
Computer software	23,800	20,254	3,546	13,249
Legal and Professional	7,600	7,599	1	7,599
Non-capital equipment	10,630	8,272	2,358	7,457
Capital outlay:				-
Body armor	-	-	-	6,838
NC Crime Comm Equipment Grant	25,000	24,060	940	24,000
Equipment purchase	-	-	-	18,563
Police vehicles	48,300	45,835	2,465	39,608
Total Police Department	1,464,861	1,429,679	35,182	1,388,479
Fire Department:				
Salaries: Fire Chief	10,001	10,000	1	2,640
Sec. Treas.	-	-	-	600
Full-Time/Part-Time Position	17,889	8,444	9,445	19,823
FICA tax	10,760	4,792	5,968	4,984
Firemen's Pension Fund	7,205	2,395	4,810	(1,496)
Telephone	3,500	3,018	482	2,797
Utilities	7,974	4,932	3,042	5,238
Accident insurance	2,825	2,822	3	2,813
Truck maintenance	12,000	6,899	5,101	12,062
Gas and oil	5,000	3,949	1,051	4,144
Turn out wear	5,000	4,005	995	6,370
Drills & fire calls	45,275	42,827	2,448	46,117
Dues	2,450	1,712	738	2,092
Schools and training	651	-	651	2,585
Miscellaneous	-	-	-	1,365
Building maintenance	17,000	5,278	11,722	1,239
Equipment repairs and maintenance	6,000	5,126	874	3,384
Hose and nozzles	4,000	3,552	448	4,270
Departmental supplies	900	606	294	2,527
Maintenance-air system	1,500	1,063	437	988
Fire education and prevention	500	-	500	586
Fire Program Software	300	300	-	260
Comminications Equipment	1,500	(232)	1,732	692
Office supplies	500	66	434	551
Capital outlay:				-
Equipment	53,225	49,868	3,357	10,971
Total Fire Department	215,955	161,422	54,533	137,602
Total Public Safety	1,680,816	1,591,101	89,715	1,526,081

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, 2023
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2022)

Exhibit B-2

	2023		Variance Favorable (Unfavorable)	2022
	Budget	Actual		Actual
Transportation:				
Street department:				
Salaries	65,683	65,683	-	60,727
FICA tax	4,965	4,965	-	4,746
Medical insurance	31,616	31,619	(3)	29,634
Dental insurance	700	725	(25)	690
Vision insurance	168	181	(13)	161
Retirement	7,690	7,689	1	6,464
Supplemental retirement	2,928	3,146	(218)	2,810
Telephone	2,540	2,508	32	2,364
Equipment maintenance	10,000	9,717	283	8,677
Paving & street maintenance	27,000	26,764	236	9,662
Building maintenance	1,000	464	536	1,647
Street signs and paint	4,000	3,531	469	3,309
Truck maintenance	15,270	15,268	2	16,199
Gas and oil	12,580	10,068	2,512	9,536
Street lights	30,810	33,363	(2,553)	30,758
Miscellaneous	1,230	1,226	4	3,127
Alley maintenance	13,165	13,163	2	1,087
Utilities	4,540	4,670	(130)	6,597
Uniforms	1,712	1,300	412	1,409
Departmental supplies	10,000	7,956	2,044	8,182
Sidewalk repairs	10,000	3,526	6,474	1,500
Christmas Lights	3,930	4,155	(225)	2,976
Curb and guttering - Repairs	26,800	26,800	-	15,664
Winter Street Prep	6,000	808	5,192	4,777
Drainage Pipe	6,900	4,578	2,322	2,716
Resurfacing	-	-	-	35,300
	<u>301,227</u>	<u>283,873</u>	<u>17,354</u>	<u>270,719</u>
Capital Outlay:				
Resurfacing - Powell Bill	150,000	150,000	-	-
Equipment purchase	58,906	34,785	24,121	-
Vehicle	9,278	-	9,278	168,822
Equipment	-	-	-	20,850
	<u>519,411</u>	<u>468,658</u>	<u>50,753</u>	<u>460,391</u>
Economic Development:				
Miscellaneous			-	1,000
Economic Incentives:				
Sturm Ruger Incentives	130,460	117,974	12,486	120,443
Blow Molded Solutions Incentive	2,397	2,206	191	3,230
	<u>132,857</u>	<u>120,180</u>	<u>12,677</u>	<u>124,673</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, 2023
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2022)

Exhibit B-2

	2023			2022
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Planning and Zoning:				
Planning expenses	1,000	807	193	75
Code enforcement	500	-	500	-
Total Planning and Zoning	1,500	807	693	75
Total Economic Development	134,357	120,987	13,370	124,748
Environmental Protection:				
Sanitation department:				
Medical insurance	4,745	4,743	2	4,471
Recycling fees	45,660	44,008	1,652	38,195
Landfill fees	5,750	2,978	2,772	3,839
Brush disposal	4,505	3,208	1,297	11,466
Gas and oil	5,660	3,688	1,972	3,704
Roll-out trash containers	4,000	3,341	659	3,404
Solid waste contract	140,380	104,614	35,766	100,010
Bad debts	2,100	4,935	(2,835)	1,836
Fuel Surcharge	27,614	27,605	9	4,601
Total Sanitation department	240,414	199,120	41,294	171,526
Capital Outlay:				
Vehicle	-	-	-	3,795
Total Environmental Protection	240,414	199,120	41,294	175,321
Cultural and recreational:				
Farris park:				
Salaries	83,027	83,022	5	78,882
Part-time salaries	21,000	20,527	473	19,343
FICA tax	7,905	7,901	4	7,820
Medical insurance	25,765	25,424	341	30,379
Dental insurance	700	696	4	720
Vision insurance	168	168	-	168
Retirement	10,451	10,448	3	8,895
Supplemental retirement	3,987	4,275	(288)	3,868
Telephone	2,670	2,599	71	2,542
Employee telephone allowance	300	270	30	260
Truck maintenance	2,300	2,300	-	1,141
Driving range/miniature golf	1,000	719	281	967
Gravel	2,000	1,960	40	-
Ball field maintenance	1,500	1,094	406	906
Park maintenance	7,000	6,916	84	9,429
Utilities	8,125	6,744	1,381	5,532
Gas and Oil	5,519	5,178	341	5,448
Miscellaneous	872	871	1	2,136
Land management	4,000	2,888	1,112	8,663

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, 2023
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2022)

Exhibit B-2

	2023			2022
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Canteen concessions	3,876	3,876	-	3,599
Equipment maintenance	3,750	2,312	1,438	2,970
Canteen supplies	800	665	135	514
Canteen maintenance	688	636	52	2,394
Sales Tax	650	622	28	480
Contract Service Rec. Dept.	-	-	-	2,500
Office Supplies	200	164	36	84
Departmental Supplies	300	41	259	54
House Maintenance	4,000	3,599	401	1,173
Farmers market	1,000	875	125	661
Special Events	500	414	86	-
Elliott Duncan Park	23,380	22,285	1,095	567
Veteran's Park	200	79	121	152
Garfield Park	200	-	200	-
3rd Avenue Park	1,250	754	496	945
Washington Mills	1,000,541	567,823	432,718	-
Park Improvements	7,000	7,000	-	2,902
Capital Outlay:				-
Equipment purchase	870	-	870	24,225
	<u>1,237,494</u>	<u>795,145</u>	<u>442,349</u>	<u>230,319</u>
Madison - Mayodan Recreation Department: Recreation	<u>161,000</u>	<u>161,004</u>	<u>(4)</u>	<u>185,989</u>
Total cultural and recreational	<u>1,398,494</u>	<u>956,149</u>	<u>442,345</u>	<u>416,308</u>
Cemetery:				
Current Expenditure	<u>1,500</u>	<u>85</u>	<u>1,415</u>	<u>2,450</u>
Total Cemetery Expenses	<u>1,500</u>	<u>85</u>	<u>1,415</u>	<u>2,450</u>
Debt Service:				
Fire Department:				
Principal	23,750	23,750	-	23,750
Interest	2,185	2,183	2	2,626
Total Budget for Fire Truck	<u>25,935</u>	<u>25,933</u>	<u>2</u>	<u>26,376</u>
Transportation:				
Principal	-	24,117	(24,117)	-
Interest	4,555	4,554	1	-
Total Budget for Transportation	<u>4,555</u>	<u>28,671</u>	<u>(24,116)</u>	<u>-</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, 2023
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2022)

Exhibit B-2

	2023			2022
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Public Library:				
Principal	15,833	15,833	-	15,833
Interest	1,993	1,993	-	2,364
Total Budget for Public Library	<u>17,826</u>	<u>17,826</u>	<u>-</u>	<u>18,197</u>
Total Debt Service	<u>48,316</u>	<u>72,430</u>	<u>(24,114)</u>	<u>44,573</u>
Special Appropriations:				
Chamber of Commerce	4,000	4,000	-	4,000
Economic Development	1,000	1,000	-	-
Merchants Association Festival	1,710	1,708	2	1,500
Total Special Appropriations	<u>6,710</u>	<u>6,708</u>	<u>2</u>	<u>5,500</u>
 Total Expenditures	 <u>4,524,971</u>	 <u>3,896,224</u>	 <u>628,747</u>	 <u>3,213,649</u>
Revenue over (under) Expenditures	 <u>(289,934)</u>	 <u>440,527</u>	 <u>730,461</u>	 <u>117,283</u>
Other financing sources (uses):				
Operating transfers-in (out):				
Transfer from American Rescue Plan Act	-	-	-	27,931
Contribution to Water & Sewer Fund				-
for Retirement of Debt on				-
Public Works Building(Sanit.&Street)	-	-	-	(7,500)
Fund Balance Appropriation	139,934	-	(139,934)	-
Loan Proceeds	-	-	-	168,822
Powell Bill Fund Balance Appropriation	150,000	-	(150,000)	-
Total Other financing Sources(Uses)	<u>289,934</u>	<u>-</u>	<u>(289,934)</u>	<u>189,253</u>
Revenues and Financing Sources Over (Under) Expenditures and Other Financing uses	 <u>-</u>	 <u>440,527</u>	 <u>440,527</u>	 <u>306,536</u>
Fund balances:				
Beginning of year		<u>2,716,032</u>		<u>2,409,496</u>
End of year, June 30		<u><u>3,156,559</u></u>		<u><u>2,716,032</u></u>

Town of Mayodan, North Carolina
 Coronavirus State Local Fiscal Recovery Funds CFR 21.027 (ARPA Funds)
 Comparative Balance Sheets
 June 30, 2023 and June 30, 2022

Exhibit C-1

	<u>June 30, 2023</u>	<u>June 30, 2022</u>
Assets		
Restricted Cash and Investments	2,500	300,681
Due from Other Fund	<u>537,661</u>	<u>2,154</u>
Total Assets	<u><u>540,161</u></u>	<u><u>302,835</u></u>
Liabilities and Fund Balances		
Liabilities:		
Unearned Revenues	<u>540,161</u>	<u>302,835</u>
Total liabilities	<u><u>540,161</u></u>	<u><u>302,835</u></u>
Fund Balances:		
Unassigned	<u>0</u>	<u>0</u>
Total Fund Balances	<u><u>0</u></u>	<u><u>0</u></u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>540,161</u></u>	<u><u>302,835</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, 2023

Exhibit C-2

	2023				
	Budget	Prior Years	Current Year	Total to Date	Variance Favorable (Unfavorable)
Revenues:					
ARPA Funds	379,569	76,734	142,243	218,977	(160,592)
Total Revenues	379,569	76,734	142,243	218,977	(160,592)
Expenditures:					
General Government					
Unassigned ARPA Expenditures	302,835	0	0	0	302,835
Total	302,835	0	0	0	302,835
Other financing sources (uses):					
Transfer Out - General Fund	(27,931)	(27,931)	0	(27,931)	0
Transfer Out - Water Sewer Fund	(48,803)	(48,803)	(142,243)	(191,046)	(142,243)
Total Other financing Sources(Uses)	(76,734)	(76,734)	(142,243)	(218,977)	(142,243)
Revenues and Other Sources Over (Under) Expenditures and Other Financing uses	0	0	0	0	0
Fund balances:					
Beginning of year				0	
End of year, June 30				0	

Town of Mayodan, North Carolina
Water and Sewer Fund
Statement of Net Position
June 30, 2023
(With Comparative Totals For June 30, 2022)

Exhibit D-1

	2022	2022
Assets:		
Current assets:		
Cash and temporary investments	4,608,980	1,948,068
Accounts receivable-customers (net of estimated uncollectible accounts)	634,233	454,823
Inventory	309,777	165,165
Due from other governments	250,939	222,937
Due from other funds - General Fund	-	-
Total current assets	5,803,929	2,790,993
Non-current assets:		
Due from other governments	-	189,812
Restricted assets:		
Cash and temporary investments	622,779	82,494
Capital assets (net of accumulated depreciation)	13,817,589	13,648,349
Total assets	20,244,297	16,711,648
Deferred outflows of resources		
Pension deferrals	254,079	178,901
OPEB deferrals	236,914	327,169
Total deferred outflows of resources	490,993	506,070
Total assets and deferred outflows of resources	20,735,290	17,217,718
Liabilities, Deferred Inflows of Resources and Net Position:		
Current liabilities:		
Accounts payable	346,840	20,697
Accrued salaries	7,049	26,641
Customer deposits	47,295	45,144
Due to Other Funds	571,432	9,631
Notes payable - current maturities	293,656	292,388
Total current liabilities	1,266,272	394,501
Other liabilities:		
Accrued vacation pay	61,382	54,164
Net pension liability	382,895	114,867
Notes payable - non-current maturities	186,659	480,069
Net OPEB obligation	1,299,969	1,605,050
Unearned revenue	1,827,687	537,803
Total other liabilities	3,758,592	2,791,953
Total liabilities	5,024,864	3,186,454
Deferred inflows of resources:		
Pension deferrals	2,727	166,409
OPEB deferrals	481,490	336,273
Total deferred inflows of resources	484,217	502,682
Net Position:		
Net investment in capital assets	13,337,274	12,875,893
Unrestricted	1,888,935	652,689
Total net position	15,226,209	13,528,582
Total liabilities, deferred inflows of resources, and net position	20,735,290	17,217,718

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, 2023 and 2022

Exhibit D-2

	2023	2022
Operating revenue:		
Water and sewer service charges	3,546,022	2,878,153
Connection fees	54,300	2,400
Cut off charges	13,174	8,072
Miscellaneous	907	197
Pretreatment Analysis	2,283	2,066
Amortization of Revenue from Waste Water Treatment Rights	189,813	189,813
	3,806,499	3,080,701
Operating expenses:		
Water Department:		
Salaries	188,172	210,492
FICA tax	13,990	16,375
Retirement fund	32,676	19,414
Supplemental retirement	9,783	10,520
OPEB Expense	(25,713)	(296,674)
Insurance - medical	58,322	65,443
Insurance - dental	1,401	1,632
Insurance - vision	341	379
Insurance and Blanket Bond	-	-
Repairs - Water department	34,306	57,754
Equipment maintenance - Water Department	2,564	5,924
Employee Telephone Allowance	1,060	1,010
Meters, Pipes and Fittings	48,621	16,019
Gas and Oil	3,135	4,528
Computer supplies	1,514	1,682
Workmen's Compensation	5,665	6,794
Miscellaneous - Water dept.	3,052	3,383
Computer Maintenance	840	840
Schools and Travel - Water Department	1,581	1,883
Water Line Highway 135	7,863	7,722
Uniforms	3,301	2,717
Software Upgrade	5,718	4,591
Audit Contract	12,683	12,500
Water line repairs	-	116,572
Workorder System	6,247	6,331
Total Water Department	417,122	277,831

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, 2023 and 2022

Exhibit D-2

	2023	2022
Water Plant:		
Salaries	238,288	219,967
FICA tax	17,482	16,936
Retirement fund	37,952	18,226
Supplemental retirement	11,053	9,843
OPEB Expense	(23,128)	(167,493)
OSHA Compliance	794	260
Insurance - medical	48,810	44,730
Insurance - dental	1,486	1,440
Insurance - vision	377	336
Telephone and Loops- Water Plant	2,794	2,731
Utilities - Water Plant	59,086	57,523
Schools and Travel - Water Plant	862	1,570
Instrumentation Services Contract - Water Plant	4,318	5,374
Building Maintenance	3,773	2,267
Repairs - Water Plant	28,166	45,410
Truck Maintenance - Water Plant	6,787	3,253
Gas and Oil - Water Plant	2,381	2,171
Chemical Supplies - Water Plant	120,115	85,267
Departmental Supplies	1,842	3,196
State Testing	6,688	7,947
Uniforms	1,179	1,570
Computer supplies	916	4,468
Insurance and Blanket Bond	16,990	14,953
Workmen's Compensation	8,200	12,079
Miscellaneous	1,521	1,442
Postage/Supplies	3,651	3,528
Chlorinator Parts	2,190	2,489
Permits and Renewals	8,696	4,180
Clear well repair	7,829	48,045
Engineering Fees and CT Study	-	4,080
Clean Lagoon	50,358	-
Equipment	18,113	-
Total Water Plant	689,569	457,788

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, 2023 and 2022

Exhibit D-2

	2023	2022
Sewer Department:		
Salaries	178,137	162,842
FICA tax	12,757	12,262
Insurance - medical	37,756	32,356
Insurance - dental	1,288	1,683
Insurance - vision	300	84
Retirement	31,112	15,629
Supplemental retirement	8,858	8,395
OPEB Expense	(20,769)	(126,678)
Employee telephone advance	810	780
Schools and Training	1,880	982
Line Repairs and Maintenance	63,841	19,716
Equipment Repairs and Maintenance	16,658	25,513
Computer Maintenance	59	169
Computer supplies	597	813
Uniforms - sewer department	6,031	1,441
Gas and oil - expense	7,200	4,398
Workmen's Compensation	7,634	11,324
Insurance and Blanket Bond	20,388	18,194
Miscellaneous	806	1,289
Utilities - Pump Station	25,751	-
Permits	1,310	21,345
Contingency	4,112	1,410
Pump Station - Maintenance	4,154	1,400
Departmental supplies	17,125	-
AIA Grant Expense - Study	48,500	66,100
Stoneville Sewer - Rate Freeze	-	30,383
Safety Equipment	13,172	6,197
	489,467	318,027
Waste Water Treatment Plant		
Contract for Sewer Operations	275,493	265,288
Utilities	102,081	72,615
Sludge Removal / Application	74,210	33,751
Repairs	55,422	25,906
Lab Analysis	8,091	8,884
Miscellaneous	-	-
Insurance and Blanket Bond	14,271	12,860

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, 2023 and 2022

Exhibit D-2

	2023	2022
Building Maintenance	18,084	826
Permit Fees	3,543	3,440
Contingency	13,913	-
Total Waste Water Treatment Plant	565,108	423,570
Non-Departmental:		
Bad Debt	50,592	-
Utility Service Fee	100,000	90,000
Total Non-Departmental	150,592	90,000
Total operating expenses other than depreciation	2,311,858	1,567,216
Depreciation	557,821	547,701
Total operating expenses	2,869,679	2,114,917
Net operating income (loss)	936,820	965,784
Capital Contributions		
AIA Grant	58,000	54,500
Rock Co Capacity Contract	470,303	0
PartF Grant	3,750	0
I&I Grant	77,500	0
Total Non-Departmental	609,553	54,500
Non-operating income:		
Interest Income from other Governments	10,098	15,147
Interest earned on temporary investments	20,501	1,555
Insurance Claims	-	32,388
Transfer from ARPA	142,243	48,803
Contribution from General Fund for Retirement of Debt on Public Works Building	-	7,500
	172,842	105,393
Non operating expenses:		
Interest on long term debt, Including fiscal agents' fees	21,589	29,497
Net Income (loss)	1,697,626	1,096,180
Net Positions - beginning of year	13,528,583	12,432,403
Net Positions - end of year	15,226,209	13,528,583

Town of Mayodan, North Carolina
Statement of Cash Flows
Water and Sewer Fund
For the Year Ended June 30, 2023
With Comparative Totals for the Year Ended June 30, 2022

Exhibit D-3

	2023	2022
Cash Flows from operating activities:		
Cash received from customers	3,383,494	2,761,302
Cash paid for goods and services	(1,503,139)	(1,031,187)
Cash paid to employees	(657,413)	(1,198,641)
Customer deposits returned	2,150	2,969
Other operating revenue	3,190	56,762
Net cash provided by operating activities	1,228,282	591,205
Cash flows from non-capital financing activities:		
Increase (decrease) in due to other funds	561,801	(6,142)
Net cash used by non-capital financing activities	561,801	(6,142)
Cash flows from capital and related financing activities:		
Acquisitions of capital assets	(727,060)	(121,776)
Insurance claims	-	32,388
Capital contribution from other governments	2,089,250	-
Principal paid on bond and equipment contracts	(292,142)	(324,177)
Interest paid on bonds and equipment contracts	(21,589)	(29,497)
Transfer from ARPA Fund	142,243	48,803
Contribution from General Fund for Retirement of Debt on Public Works Building	-	7,500
Net cash used by capital and related financing activities	1,190,702	(386,759)
Cash flows from investing activities:		
Interest on Investments	20,501	1,555
Interest Received from Other Governments	10,098	15,147
Principal Received from Other Governments	189,813	189,872
	220,412	206,574
Net increase (decrease) in cash and cash equivalents	3,201,197	404,878
Cash and cash equivalents at beginning of year	2,030,562	1,625,684
Cash and cash equivalents at end of year	5,231,759	2,030,562
Reconciliation of operating income to net cash provided by operating activities:		
Operating Income (Loss)	936,820	1,020,287
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	557,821	547,701
Amortization of revenue from Waste Water Treatment Rights	(189,812)	(189,813)
Change in assets and Liabilities:		
(Increase) decrease in accounts receivables customers	(179,410)	(127,323)
(Increase) decrease in inventories	(144,612)	(74,596)
Net pension expense	29,168	(12,876)
Net OPEB expense	(69,609)	(590,845)
Increase (decrease) in accounts payable	326,141	17,321
Increase (decrease) in customer deposits	2,151	2,969
Increase (decrease) in accrued salaries	(19,592)	4,444
Increase (decrease) in accrued vacation pay	7,218	(6,064)
(Increase) decrease in due from other governments	(28,002)	-
Total Adjustments	291,462	(429,082)
Net cash provided by operating activities	1,228,282	591,205

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, 2023
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2022)

Exhibit D-4

	2023			2022
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Operating revenue:				
Water and sewer sales	2,370,435	2,855,852	485,417	2,336,353
Water Revenue- Stoneville	113,000	204,343	91,343	133,731
Water & sewer tap fees	5,000	54,300	49,300	2,400
Miscellaneous	5,000	907	(4,093)	197
Cut off charges	7,000	13,174	6,174	8,072
Pretreatment analysis	2,750	2,283	(467)	2,066
Madison sewer	300,000	390,215	90,215	332,337
Stoneville sewer	97,000	95,612	(1,388)	75,731
Amortization of Revenue from WWTP	205,610	189,813	(15,797)	189,813
	<u>3,105,795</u>	<u>3,806,499</u>	<u>700,704</u>	<u>3,080,700</u>
Non-Operating revenues:				
Interest income	1,000	30,599	29,599	16,702
Insurance Claims	5,000	-	(5,000)	32,388
	<u>6,000</u>	<u>30,599</u>	<u>24,599</u>	<u>49,090</u>
Total Revenues	<u>3,111,795</u>	<u>3,837,098</u>	<u>725,303</u>	<u>3,129,790</u>
Operating expenses other than Depreciation:				
Water Department:				
Salaries	188,175	188,172	3	210,492
FICA tax	13,988	13,990	(2)	16,375
Retirement fund	23,561	23,561	-	24,196
Supplemental retirement	8,999	9,783	(784)	10,520
Insurance - medical	58,315	58,322	(7)	65,443
Insurance - dental	1,440	1,401	39	1,632
Insurance - vision	336	341	(5)	379
Repairs	595,524	34,306	561,218	57,754
Equipment maintenance	7,500	2,564	4,936	5,924
Meters, pipes and fittings	95,550	48,621	46,929	16,019
Gas and oil	9,593	3,135	6,458	4,528
Computer supplies	2,500	1,514	986	1,682
Workmen's compensation	5,665	5,665	-	6,794
Miscellaneous	5,267	3,052	2,215	3,383
Computer maintenance	2,000	840	1,160	840
Schools and travel	3,000	1,581	1,419	1,883
Water line Highway 135	7,943	7,863	80	7,722
Uniforms	5,015	3,301	1,714	2,717
Software upgrade	7,500	5,718	1,782	4,591
Audit contract	12,683	12,683	-	12,500
Employee telephone allowance	1,070	1,060	10	1,010
Water line repairs	-	-	-	116,572
Workorder system	6,250	6,247	3	6,331
	<u>1,061,874</u>	<u>433,720</u>	<u>628,154</u>	<u>579,287</u>
Capital Outlay - Water Department				
Equipment	25,000	22,802	2,198	4,000
Water line upgrades	151,142	90,635	60,507	-
Total - Water Department	<u>1,238,016</u>	<u>547,157</u>	<u>690,859</u>	<u>583,287</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, 2023
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2022)

Exhibit D-4

	2023			2022
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Water Plant:				
Salaries	238,485	238,288	197	219,967
FICA tax	17,485	17,482	3	16,936
Retirement fund	27,013	27,016	(3)	22,641
Supplemental retirement	10,305	11,053	(748)	9,843
OSHA Compliance	800	794	6	260
Insurance - medical	101,810	48,810	53,000	44,730
Insurance - dental	1,440	1,486	(46)	1,440
Insurance - vision	351	377	(26)	336
Telephone	2,810	2,794	16	2,731
Utilities	56,371	59,086	(2,715)	57,523
Schools and travel	870	862	8	1,570
Instrumentation services contract	4,350	4,318	32	5,374
Building maintenance	3,977	3,773	204	2,267
Repairs	28,170	28,166	4	45,410
Truck maintenance	6,790	6,787	3	3,253
Gas and oil	2,385	2,381	4	2,171
Chemical supplies	120,205	120,115	90	85,267
Departmental supplies	2,500	1,842	658	3,196
State testing	7,000	6,688	312	7,947
Uniforms	2,000	1,179	821	1,570
Computer supplies and maintenance	916	916	-	4,468
Insurance and blanket bond	16,990	16,990	-	14,953
Workmen's compensation	8,200	8,200	-	12,079
Miscellaneous	1,525	1,521	4	1,442
Postage/Supplies	4,113	3,651	462	3,528
Chlorinator parts	3,000	2,190	810	2,489
Permits and renewals	8,840	8,696	144	4,180
Clear well repair	8,000	7,829	171	48,045
Engineering Fees and CT Study	-	-	-	4,080
Clean Lagoon	50,360	50,358	2	-
Interest - 2 Mg Tank			-	340
Principal - 2 Mg Tank			-	32,890
Equipment	18,115	18,113	2	-
	755,176	701,761	53,415	662,926
Capital Outlay - Water Plant:				
Equipment	6,000	5,313	687	19,077
Total - Water Plant	761,176	707,074	54,102	682,003

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, 2023
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2022)

Exhibit D-4

	2023			2022
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Sewer Department:				
Salaries	178,137	178,137	-	162,842
FICA tax	12,760	12,757	3	12,262
Insurance - medical	94,711	37,756	56,955	32,356
Insurance - dental	1,440	1,288	152	1,683
Insurance - vision	336	300	36	84
Retirement	21,997	21,996	1	19,308
Supplemental retirement	8,393	8,858	(465)	8,395
Employee telephone allowance	1,000	810	190	780
Schools and training	2,000	1,880	120	982
Line repairs and maintenance	64,000	63,841	159	19,716
Insurance and Blanket Bond	20,388	20,388	-	18,194
Equipment repairs and maintenance	47,500	16,658	30,842	25,513
Computer maintenance	1,000	59	941	169
Pump station maintenance	40,000	4,154	35,846	-
Computer supplies	2,500	597	1,903	813
Uniforms	7,500	6,031	1,469	1,441
Gas and oil - expense	10,782	7,200	3,582	4,398
Workmen's compensation	7,635	7,634	1	11,324
Miscellaneous	9,300	806	8,494	1,286
Utilities - pump station	19,806	25,751	(5,945)	21,345
Departmental supplies	22,500	17,125	5,375	-
AIA Grant Expense - Study	58,000	48,500	9,500	66,100
Permits	1,310	1,310	-	1,410
Contingency	14,694	4,112	10,582	1,400
NC Pro	107,286	-	107,286	-
Stoneville Sewer - Rate Freeze	-	-	-	30,383
Safety equipment	20,000	13,172	6,828	6,197
	<u>774,975</u>	<u>501,120</u>	<u>273,855</u>	<u>448,381</u>
Capital Outlay:				
Equipment purchase	45,000	42,007	2,993	79,300
Island Access	7,500	18,500	(11,000)	7,500
Total Sewer Department	<u>827,475</u>	<u>561,627</u>	<u>265,848</u>	<u>535,181</u>
Waste Water Treatment Plant:				
Contract for sewer operations	275,495	275,493	2	265,288
Utilities	96,140	102,081	(5,941)	72,615
Sludge removal/ application	77,000	74,210	2,790	33,751
Repairs	126,674	55,422	71,252	25,906
Lab Analysis	9,000	8,091	909	8,884
Miscellaneous	501	-	501	-
Insurance and blanket bond	14,275	14,271	4	12,860
Building maintenance	18,085	18,084	1	826
Permit Fees	5,000	3,543	1,457	3,440
Contingency	13,950	13,911	39	-
Departmental supplies	400	-	400	-
Interest - WWTP Expansion	13,500	13,428	72	20,142
Principal - WWTP Expansion	265,840	252,411	13,429	252,411
Tools and Equipment	750	750	-	-
	<u>916,610</u>	<u>830,945</u>	<u>85,665</u>	<u>696,123</u>
Capital Outlay:				
Improvements	-	284,864	(284,864)	-
Equipment Purchases	262,940	262,939	1	11,899
Total Waste Water Treatment Plant	<u>1,179,550</u>	<u>1,378,748</u>	<u>(199,198)</u>	<u>708,022</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, 2023
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2022)

Exhibit D-4

	2023			2022
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Non-Departmental:				
Bad Debt	-	50,592	(50,592)	-
Utility Service Fee	100,000	100,000	-	90,000
Total Non-Departmental	100,000	150,592	(50,592)	90,000
Debt Service:				
Public Works Facilities Buildings:				
Interest - Water Department	23,946	3,146	20,800	4,507
Interest - Sewer Department	23,946	5,015	18,931	4,507
	47,892	8,161	39,731	9,014
Total Expenditures	4,154,109	3,353,359	800,750	2,607,507
Revenues over (under) expenditures	(1,042,314)	483,739	1,526,053	522,283
Capital Contributions				
AIA Grant	58,000	58,000	-	54,500
Rock Co Capacity Contract	298,564	470,303	171,739	-
PartF Grant	-	3,750	3,750	-
I&I Grant	-	77,500	77,500	-
Total Non-Departmental	356,564	609,553	252,989	54,500
Other financing sources (uses):				
Contribution from General Fund for				
Retirement of debt on Public Works building	8,000		(8,000)	7,500
Fund balance appropriated			-	-
Transfer from Special Revenue - ARPA	677,750	142,243	(535,507)	48,803
	685,750	142,243	(543,507)	56,303
Revenues and other sources over(under) expenditures and other uses	-	1,235,535	1,235,535	633,086
Reconciliation from modified accrual to full accrual basis:				
Revenues over (under) expenditures		1,235,535		633,086
Reconciling Items:				
Increase in Outflows of Resources - Pension		75,178		30,771
Decrease in Deferred Inflows of Resources - Pension		163,682		(163,031)
Increase in Outflows of Resources - OPEB		(90,255)		(130,362)
Increase in Deferred Inflows of Resources - OPEB		(145,217)		(190,770)
Capital Outlay		727,060		121,776
Depreciation		(557,821)		(547,701)
Principal Payments		252,411		285,301
Interest expense-				
Capital Projects Funds		-		-
(Increase) decrease in OPEB Liability		305,081		911,977
(Increase) decrease in Net Pension Liability		(268,028)		145,136
Net Income/(Loss)		1,697,626		1,096,183

Town of Mayodan, North Carolina
 General Fund
 Schedule of Ad Valorem Taxes Receivable
 June 30, 2023

Exhibit E-1

Fiscal Year	Uncollected Balance June 30, 2022	Additions	Collections	Discoveries Abatements Adjustments	Uncollected Balance June 30, 2023
2022-2023		1,862,510	(1,850,473)	750	12,787
2021-2022	14,720	0	(9,034)	491	6,177
2020-2021	6,583	0	(3,124)	324	3,783
2019-2020	308	0	(1,205)	2,760	1,863
2018-2019	2,884	0	(594)		2,290
2017-2018	2,161	0	(453)		1,708
2016-2017	1,509	0	(283)		1,226
2015-2016	1,047	0	(283)		764
2014-2015	1,063	0	(287)		776
2013-2014	1,282	0	(187)		1,095
2012-2013	1,718	0		(1,718)	0
	<u>33,275</u>	<u>1,862,510</u>	<u>(1,865,923)</u>	<u>2,607</u>	<u>32,469</u>

Less allowance for uncollectible accounts:
 General Fund

13,571
18,898

Reconciliation with Revenues:

Ad Valorem Taxes - General Fund

1,869,042

Reconciling items:

Penalties and interest

(6,997)

Rockingham County collection fee

4,205

Adjustments

(327)

1,865,923

Town of Mayodan, North Carolina
 Analysis of Current Tax Levy
 For the Fiscal Year Ended June 30, 2023

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	261,535,188	\$ 0.665	1,739,209.00	1,739,209.00
Motor Vehicle Taxes Collected by DMV	18,541,504	\$ 0.665	123,301.00	-
	280,076,692		1,862,510.00	123,301.00
Discoveries:				
Current Year Taxes	-		2,575.00	-
Prior Year Taxes	-		-	-
	-		2,575.00	-
Other Adjustments	-			-
Less: Insolvents	-		(1,825.00)	-
	-		(1,825.00)	-
Total Property Valuation	280,076,692			
Net Levy			1,863,260.00	123,301.00
Uncollected Taxes at June 30, 2023			12,787.00	-
Current Year's Taxes Collected			1,850,473.00	123,301.00
Current Levy Collection Percentage			99.31%	100.00%

Town of Mayodan, North Carolina
 Schedule of Interfund Transfers
 For the Fiscal Year Ended June 30, 2023

Exhibit E-3

Fund	Transfer	
	From	To
General Operating	-	-
American Rescue Plan Act	142,243	-
Water and Sewer	-	142,243
	142,243	142,243

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, 2023, 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 15, 2023.

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. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2023-1 that we consider to be material weaknesses. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be significant deficiencies.

Report on Compliance and Other Matters

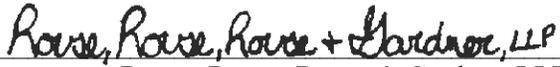
As part of obtaining reasonable assurance about whether Town of Mayodan, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a 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 questioned costs. 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
November 15, 2023

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

Certified Public Accountants



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Victor B. Rouse, CPA/PFS
Trevor C. Gardner, CPA

Report On Compliance With Requirements Applicable To Each Major State Program And Internal Control Over Compliance; In Accordance With OMB Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Mayodan, North Carolina, compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Mayodan's major State programs for the year ended June 30, 2023. The Town of Mayodan's major State programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Town of Mayodan complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major State programs for the year ended June 30, 2023.

Basis for Opinion on Each Major State Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a State program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a State program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2023-1 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a State program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. Given the limitations listed above, we did not identify any deficiencies in internal control that we consider significant deficiencies.

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

Government Auditing Standards requires the auditor to perform limited procedures on the Town of Mayodan's response to internal control over compliance findings identified in our audit described in the accompanying schedule of findings and questioned costs. The Town of Mayodan's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The Town of Mayodan is responsible for preparing a corrective action plan to address each audit finding included in our auditor's report. The Town of Mayodan's corrective action plan was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on it.

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

Rouse, Rouse, Rouse + Gardner, LLP

Rouse, Rouse, Rouse & Gardner, LLP

Eden, NC

November 15, 2023

Town of Mayodan, North Carolina
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2023

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	State/ Pass-through Grantor's Number	Federal (Direct and Pass Through Expenditures)	State Expenditures
Federal Grants:				
<u>Department of the Treasury</u>				
Coronavirus State and Local Fiscal Recovery Funds	21.027		142,243	
Pass-through NC Dept of Enviromental Quality Coronavirus State and Local Fiscal Recovery Funds	21.027	SRP-W-ARP-0187	77,500	
Total Coronavirus State and Local Fiscal Recovery Funds			<u>219,743</u>	
<u>US Department of Justice</u>				
Pass-through NC Governor's Crime Commission Edward Byrne Memorial Justice Assistance Grant (JAG)-Mobile Video System	16.738	PROJ015249	24,060	
Total Assistance - Federal Programs			<u>243,803</u>	
State Grants:				
<u>NC Department of Environmental Quality</u>				
Asset Inventory and Assessment Project		H-AIA-W-21-0228		<u>48,500</u>
<u>NC Department of Natural and Cultural Resources</u>				
NC Parks and Recreation Trust Fund Project - Mayo River Access		2018-LA1		<u>18,500</u>
<u>NC Department of Insurance</u>				
Supplemental Fire Grant		07904		<u>35,209</u>
<u>NC Department of Transportation</u>				
Powell Bill		Mayo-NC-1		<u>150,000</u>
<u>NC Office of State Budget and Management</u>				
State Construction and Infrastructure Fund Grant-Washington Mills		SCIF-11241		<u>567,823</u>
Total Assistance - State Programs			<u>820,032</u>	
		Total Assistance	<u>243,803</u>	<u>820,032</u>

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

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the federal and State grant activity of the Town of Mayodan under the programs of the federal government and the State of North Carolina for the year ended June 30, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the SEFSA presents only a select portion of the operations of the Town of Mayodan, it is not intended to and does not present the financial position, changes in net positions or cash flows of the Town of Mayodan.

Note 2: Summary of Significant Accounting Policies

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

Note 3: De Minimis Cost

Under 2 CFR 200.410(b)(6) the auditee selected to use the 10% de minimis cost rate as covered in \$200.414 indirect (F&A) costs.

Town of Mayodan, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section I. Summary of Auditor's Results

Financial Statements

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

Internal control over financial reporting:

- Material weakness identified? X yes ___ no
- Significant deficiencies ___ yes X none reported
- Noncompliance material to financial
statement noted ___ yes X no

State Awards

Internal control over major State programs:

- Material weakness identified? X yes ___ no
- Significant deficiencies ___ yes X none reported

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

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act: X yes ___ no

Identification of major State programs:

Program Names

State Construction and Infrastructure Fund Grant-Washington Mills

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

Auditee qualified as State low-risk auditee? ___ yes X no

Town of Mayodan, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section II. Financial Statement Findings

Finding: 2023 – 1

MATERIAL WEAKNESS: Management Override of Controls

Criteria: Management is responsible 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.

Condition: The Town of Mayodan incurred various expenditures during the year in which management instructed personnel to hold payment of invoices until the subsequent fiscal year in order to budget the transactions, and in some cases, receive reimbursements.

Effect: The Town was in violation of the Local Government Budget and Fiscal Control Act due to overspending the current year budget and failed to adequately implement and maintain the internal controls.

Cause: Management was unaware and uneducated on proper budgetary and fiscal control, which was amplified due to turnover with the finance director position.

Recommendation: We recommend the Town Manager and Finance Director attend courses directly related to the Local Government Budget and Fiscal Control Act. The finance director should implement internal control procedures that will educate staff on the requirements of the Local Government Budget and Fiscal Control Act. All invoices should be given to the finance director on a timely basis. A rubber stamp with the preaudit certificate should be available, if necessary, for the issuers of the documents or checks. The stamp should be kept in custody to prevent unauthorized use.

Views of responsible officials and planned corrective actions: The Town agrees with the finding and will implement the necessary changes. Please refer to the corrective action plan on page 103.

Town of Mayodan, North Carolina
Schedule of Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2023

Section III. State Award Findings and Questioned Costs

Same as Financial Statement Findings

Town of Mayodan, North Carolina
Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2023

Finding 2022-1: Adjusting Entries

Status: The finding is no longer valid due to the Town having taken the necessary steps to educate the staff and having knowledgeable staff preparing financial records.

Finding 2022-2: Water Sewer Billings

Status: The finding is no longer valid due to the Town correcting the customer account and implementing additional procedures to monitor water sewer billings.



Town of Mayodan

210 W Main Street
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www.mayodannc.org

Date: November 16, 2023

Official Response from Town regarding finding 2023-1:

Name of Responsible Person: Kathleen Patterson, Town Manager

Projected Implementation: Implemented

The Town of Mayodan experienced turnover in the Finance Director position in March causing a vacancy for the last quarter of the fiscal year. This caused lapses in proper internal control procedures being consistently applied. To rectify the lapse in internal controls that led to the material finding, we have implemented the following corrective actions. Subsequent to year end, the Town hired a full-time licensed CPA as the Finance Director with adequate knowledge of municipal accounting, fiscal policies, and internal controls. Filling this vacant position, allowed the correct division of duties to return and allowed management an educated resource on proper budgetary and fiscal control. In addition, both Management and the Finance Director have completed, or plan to attend, educational courses related to the Local Government Budget and Fiscal Control Act.

The Town is also creating an internal control policy specifically related to grant compliance to ensure proper treatment of grants. All staff and contracted grant administrators directly related to functions in connection with grants will be given a copy of the Grant policy and expected to follow the required procedures. The Finance Director will be responsible for ensuring all staff involved in any process of receiving a grant are trained and educated on the new policy procedures. Both Management and Finance Director will hold quarterly Risk Assessment meetings to discuss the progress of implementing internal controls over grant compliance and identifying any areas or staff that need additional education. To address the issue of timely delivery of invoices, we have communicated with our contracted Engineering firm providers to ensure invoices are being sent to both Management and Finance on a monthly basis. We have also made plans to have monthly meetings with project updates relating to Grants and outside funding, to ensure Management, Finance, involved department heads, and outside contractors are all up to date on progress and billing cycles.

The Town is also looking to update the internal control policy and improve our operational controls. Upon improving our policy, all department heads will be given a copy of the updated policy and expected to adhere to all controls. Any identified override of control should be reported to the Finance Director and management immediately. Corrective action will be required to ensure any subsequent overrides are eliminated before occurrence.

Furthermore, a pre-audit certificate stamp and Grant Compliance stamp will be purchased for future use. Both stamps will be kept in safe custody of the Finance Director and Management to prevent any unauthorized use. Upon receiving and reviewing any invoices related to Town



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projects, the Finance Director will stamp the pre-audit certificate after verification of funds in the current year budget. The Grant compliance stamp will be used by either Management or Finance after review of the Grant agreement and confirming the expenditure is an allowable expense.

The Finance Director has completed the following coursework: Fundamentals of Local Government Budgeting, Budget Document Basics, Annual Governmental GAAP Update, and Local Government Fundamentals.

The Town Manager has completed the following courses: A Budgeting Guide for Local Government, Basic Local Government Contracting and Procurement, Essentials to Managing Cities and Towns in North Carolina, and coursework in Local Government Finance.