

TOWN OF JONESVILLE, NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2021



**Town Council Members**

Gene Pardue, Mayor  
Anita Darnell, Mayor Pro-Tem  
Michael Tilley  
Andy Green  
Tracy Wall  
Regina Adkins

**Administrative and Financial Staff**

Michael Pardue, Town Manger  
Wenona C. Thompson, Finance Director

**TOWN OF JONESVILLE, NORTH CAROLINA**  
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**June 30, 2021**

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## **Independent Auditor's Report**

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

### **Report on the Financial Statements**

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 Jonesville, North Carolina (the "Town"), as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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.

### ***Auditor's Responsibility***

Our responsibility is to express an opinion on these basic financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Town's preparation and fair presentation of the basic financial statements 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's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the basic financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## ***Opinion***

In our opinion, based on our audit, the basic financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Town of Jonesville, North Carolina as of June 30, 2021, and the respective changes in financial position and cash flows where appropriate, thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## ***Other Matters***

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11; the Local Government Employees' Retirement System - Schedules of the Proportionate Share of the Net Pension Liability, and Contributions on page 51, the Law Enforcement Officers' Special Separation Allowance - Schedules of Changes in Total Pension Liability, and Total Pension Liability as a Percentage of Covered Payroll on page 52; and the Other Post-Employment Benefits - Schedule of Changes in the Total OPEB Liability and Related Ratios on page 53, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Supplementary and Other Information*

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of Town of Jonesville, North Carolina. The budgetary schedules and other schedules, as listed on the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary schedules and other schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, the budgetary schedules and other schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 16, 2022 on our consideration of the Town of Jonesville, North Carolina's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and on the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
March 16, 2022

# Management's Discussion and Analysis

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As management of the Town of Jonesville, North Carolina (the "Town"), we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

## Financial Highlights

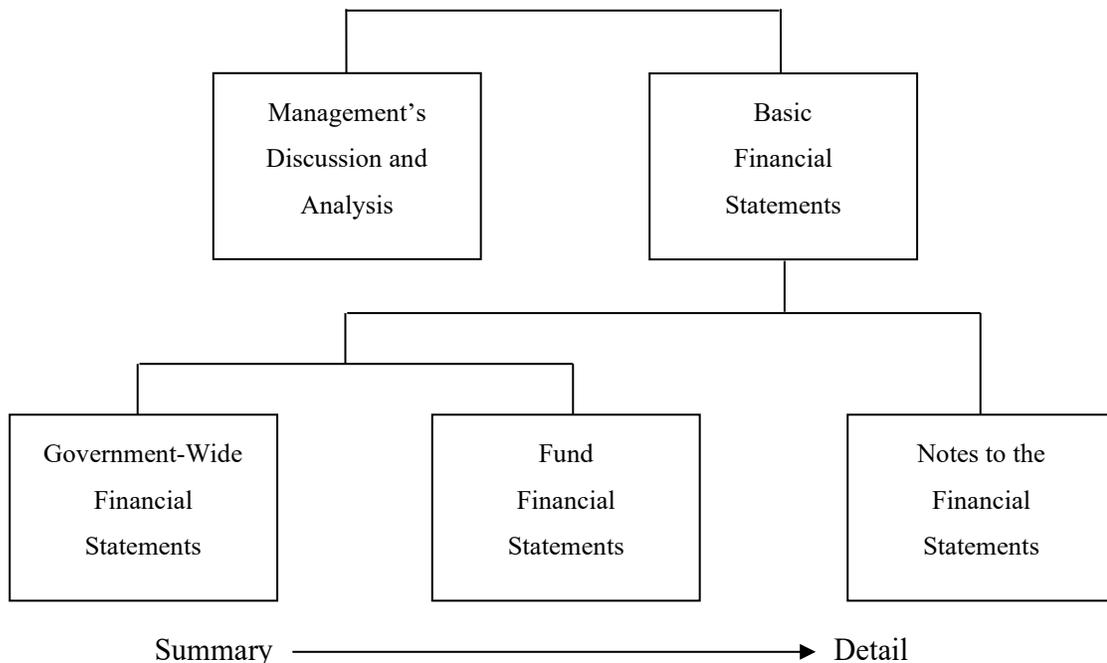
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$7,036,126 (net position).
- The government's total net position increased by \$325,220 primarily due to grants received for capital projects in the AIA/CDBG fund and CARES Act funds.
- As of the close of the current fiscal year, the Town's total governmental funds reported combined ending fund balances of \$1,634,366 with a net change of \$144,867 in fund balance. Approximately 28% of this total amount or \$455,042 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,179,324, or approximately 60% of total General Fund expenditures for the fiscal year.

## Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Jonesville, North Carolina'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 Jonesville, North Carolina.

## Required Components of Annual Financial Report

Figure 1



# Management's Discussion and Analysis

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

The next section of the basic financial statements is the notes to the financial statements. The notes explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

## **Government-Wide Financial Statements**

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town's total assets and total liabilities. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, 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 services offered by the Town of Jonesville and sewer services offered by the Yadkin Valley Sewer Authority but billed through the Town of Jonesville. The final category is the component unit. Although legally separate from the Town, the Tourism Development Authority is important to the Town. The Town of Jonesville exercises control over the Board by appointing its members.

The government-wide financial statements are on Exhibits 1 and 2 of the basic financial statements.

## **Fund Financial Statements**

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Jonesville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town can be divided into two categories: governmental funds and proprietary funds.

# Management's Discussion and Analysis

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*Governmental Funds* - Governmental funds are used to account for those functions reported as governmental activities in the government-wide financial statements. Most of the Town's basic services are accounted for in governmental funds. These funds focus on how assets can readily be converted into cash flow in and out, and what monies are left at year-end that will be available for spending in the next year. Governmental funds are reported using an accounting method called modified accrual accounting which provides a short-term spending focus. As a result, the governmental fund financial statements give the reader a detailed short-term view that helps him or her determine if there are more or less financial resources available to finance the Town's programs. The relationship between government activities (reported in the Statement of Net position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

*Proprietary Fund* - Town of Jonesville has one proprietary fund. The Enterprise Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. Town of Jonesville uses enterprise funds to account for its water activity. This fund is the same as those functions shown in the business-type activities in the Statement of Net position and the Statement of Activities.

*Notes to the Financial Statements* - The information reported in the notes to the financial statements provides additional disclosure necessary to have a complete understanding of the data provided in the government-wide and fund financial statements.

*Other Financial Information* - In addition to the basic financial statements and accompanying notes, the report presents certain required supplementary information for the Law Enforcement Officers' Special Separation Allowance and Other Post-Employment Benefits. Required supplementary information follows the notes to the financial statements.

*Interdependence with Other Entities* - The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and State laws and federal and State appropriations.

# Management's Discussion and Analysis

## Government-Wide Financial Analysis Town of Jonesville, North Carolina's Net Position Figure 2

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
<b>Assets:</b>						
Current and other assets	\$ 1,762,752	\$ 1,614,045	\$ 1,035,016	\$ 667,564	\$ 2,797,768	\$ 2,281,609
Capital assets	3,044,684	3,071,105	5,941,727	5,835,193	8,986,411	8,906,298
Deferred outflows of resources	373,791	193,985	86,343	48,548	460,134	242,533
Total assets	<u>5,181,227</u>	<u>4,879,135</u>	<u>7,063,086</u>	<u>6,551,305</u>	<u>12,244,313</u>	<u>11,430,440</u>
<b>Liabilities:</b>						
Current liabilities	62,084	109,498	351,356	97,172	413,440	206,670
Long-term liabilities	2,160,125	1,889,383	2,557,109	2,532,831	4,717,234	4,422,214
Deferred inflows of resources	66,473	79,486	11,040	11,164	77,513	90,650
Total liabilities	<u>2,288,682</u>	<u>2,078,367</u>	<u>2,919,505</u>	<u>2,641,167</u>	<u>5,208,187</u>	<u>4,719,534</u>
<b>Net Position:</b>						
Net invested in capital assets	3,044,684	1,415,622	3,812,238	3,457,193	6,856,922	4,872,815
Restricted	455,042	529,988	-	-	455,042	529,988
Unrestricted	(607,181)	855,158	331,343	452,945	(275,838)	1,308,103
Total net position	<u>\$ 2,892,545</u>	<u>\$ 2,800,768</u>	<u>\$ 4,143,581</u>	<u>\$ 3,910,138</u>	<u>\$ 7,036,126</u>	<u>\$ 6,710,906</u>

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 Jonesville exceeded liabilities by \$7,036,126 as of June 30, 2021. The Town net position increased by \$325,220 for the fiscal year ended June 30, 2021. However, the largest portion, 97%, reflects the Town's investment in capital assets (e.g. land, buildings, machinery, and equipment). The Town of Jonesville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Jonesville's 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 Jonesville's net position, \$455,042, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$(275,838) is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 94%.
- Water fund charges for services increased approximately 2.0% while related expenses increased approximately 19.0%. This change was due to the installation of the new Supervisory Control and Data Acquisition (SCADA) operating system at the Water Plant. SCADA systems are crucial for the Water Plant since they help to maintain efficiency, process data for smarter decisions, and communicate system issues to help mitigate downtime.

# Management's Discussion and Analysis

**Town of Jonesville, North Carolina's Changes in Net Position  
Figure 3**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 180,687	\$ 166,777	\$ 991,735	\$ 921,745	\$ 1,172,422	\$ 1,088,522
Operating grants and contributions	195,388	72,655	-	-	195,388	72,655
Capital grants and contributions	-	-	176,401	197,007	176,401	197,007
General revenues:						
Property taxes	986,566	969,510	-	-	986,566	969,510
Other taxes	9,607	9,815	-	-	9,607	9,815
Unrestricted intergovernmental	838,485	707,687	347	-	838,832	707,687
Other	34,037	119,250		967	34,037	120,217
Total revenues	<u>2,244,770</u>	<u>2,045,694</u>	<u>1,168,483</u>	<u>1,119,719</u>	<u>3,413,253</u>	<u>3,165,413</u>
<b>Expenses:</b>						
General government	692,669	584,780	-	-	692,669	584,780
Public safety	779,145	877,212	-	-	779,145	877,212
Transportation	438,974	411,001	-	-	438,974	411,001
Environmental protection	175,578	176,932	-	-	175,578	176,932
Cultural and recreation	25,458	23,041	-	-	25,458	23,041
Interest on long-term debt	51,968	53,949	-	-	51,968	53,949
Water and sewer	-	-	924,241	901,454	924,241	901,454
Total expenses	<u>2,163,792</u>	<u>2,126,915</u>	<u>924,241</u>	<u>901,454</u>	<u>3,088,033</u>	<u>3,028,369</u>
Increase (decrease) in net position before transfers	<u>80,978</u>	<u>(81,221)</u>	<u>244,242</u>	<u>218,265</u>	<u>325,220</u>	<u>137,044</u>
Transfers	<u>10,799</u>	<u>-</u>	<u>(10,799)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>91,777</u>	<u>(81,221)</u>	<u>233,443</u>	<u>218,265</u>	<u>325,220</u>	<u>137,044</u>
Net position, July 1,	<u>2,800,768</u>	<u>2,881,989</u>	<u>3,910,138</u>	<u>3,691,873</u>	<u>6,710,906</u>	<u>6,573,862</u>
Net position, June 30,	<u>\$ 2,892,545</u>	<u>\$ 2,800,768</u>	<u>\$ 4,143,581</u>	<u>\$ 3,910,138</u>	<u>\$ 7,036,126</u>	<u>\$ 6,710,906</u>

*Governmental Activities* - Governmental activities increased the Town's net position by \$91,777. The key element of this increase was an increase in property taxes and unrestricted intergovernmental revenues.

*Business-Type Activities* - Business-type activities increased the Town's net position by \$233,443. The key element of this increase was maintaining expenditures as compared with prior year's amount.

## Financial Analysis of the Town's Funds

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

*Governmental Funds* - The Town's annual balance budget is prepared on the modified accrual basis of accounting in accordance with the Budget and Fiscal Control Act of the North Carolina General Statutes. The General Fund is the most significant fund budgeted. The focus of the Town's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town's financing requirements. 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.

# Management's Discussion and Analysis

The General Fund is the chief operating fund of the Town of Jonesville. At the end of the current fiscal year, fund balance available in the General Fund was \$1,179,324, while the total fund balance reached \$1,632,960. The Town currently has an available fund balance of 60% of General Fund expenditures, while total fund balance represents 84% of the same amount.

At June 30, 2021, the governmental funds of the Town of Jonesville, North Carolina reported a combined fund balance of \$1,634,366 with a net increase of \$144,867.

*General Fund Budgetary Highlights* - The Town's annual budget is prepared on the modified accrual basis of accounting in accordance with the Budget and Fiscal Control Act of the North Carolina General Statutes. The General Fund is the most significant fund budgeted. During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

*Proprietary Funds* - The Town's proprietary funds provide the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Utility Fund at the end of the fiscal year amounted to \$331,343. The total change in net position for the utility fund was an increase of \$233,443 in the enterprise funds. Factors concerning the finances of the fund have already been addressed in the discussion of the Town's business-type activities.

## Capital Asset and Debt Administration

*Capital Assets* - The Town's investment in capital assets for its governmental and business-type activities as of June 30, 2021, totals \$8,986,411 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles.

**Town of Jonesville, North Carolina's Capital Assets  
(net of Depreciation)  
Figure 4**

	Governmental Activities		Business-Type Activities		Totals	
	2021	2020	2021	2020	2021	2020
	Land	\$ 1,281,008	\$ 1,281,008	\$ 72,530	\$ 72,530	\$ 1,353,538
Construction in progress	41,800	-	454,365	183,607	496,165	183,607
Buildings/Plant	1,490,750	1,532,892	1,480,966	1,583,579	2,971,716	3,116,471
Infrastructure	-	-	3,933,866	3,995,477	3,933,866	3,995,477
Equipment	79,477	55,114	-	-	79,477	55,114
Vehicles and motorized equipment	151,649	202,091	-	-	151,649	202,091
Total	<u>\$ 3,044,684</u>	<u>\$ 3,071,105</u>	<u>\$ 5,941,727</u>	<u>\$ 5,835,193</u>	<u>\$ 8,986,411</u>	<u>\$ 8,906,298</u>

Additional information of the Town's capital assets can be found in the Notes of the basic financial statements.

# Management's Discussion and Analysis

*Long-Term Debt* - As of June 30, 2021, the Town had total debt outstanding of \$4,817,714.

## Town of Jonesville, North Carolina's Outstanding Debt Long-Term Debt Figure 5

	Governmental Activities		Business-Type		Totals	
			Activities			
	2021	2020	2021	2020	2021	2020
Construction loan	\$ 1,130,766	\$ 1,152,538	\$ -	\$ -	\$ 1,130,766	\$ 1,152,538
Installment purchase	10,005	42,631	-	-	10,005	42,631
General obligation bonds	-	-	56,500	64,000	56,500	64,000
Revenue bonds	-	-	2,270,000	2,314,000	2,270,000	2,314,000
OPEB	352,124	282,389	150,910	121,024	503,034	403,413
Pension related liability (LGERS)	424,237	287,293	106,059	71,823	530,296	359,116
Pension related liability (LEO)	224,178	157,285	-	-	224,178	157,285
Compensated absences	63,432	65,214	29,503	31,930	92,935	97,144
Total	\$ 2,204,742	\$ 1,987,350	\$ 2,612,972	\$ 2,602,777	\$ 4,817,714	\$ 4,590,127

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. At June 30, 2021, the Town of Jonesville, North Carolina had a legal debt margin of approximately \$15,600,000.

Additional information regarding the Town's long-term debt can be found in the notes to the basic financial statements.

### Economic Factors and Next Year's Budgets and Rates

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

- Throughout this fiscal year, the Town worked along-side the State North Carolina, federal government, medical professionals and residents to find a way to limit the spread of coronavirus. New policies and procedures to provide safe and effective services were implemented.
- The Town continues to move toward a new normal during the COVID pandemic and will continue to work diligently to review expenditures to actual revenues received as to avoid deficiencies.
- Commercial and residential real estate remained strong throughout the fiscal year.
- State revenues disbursed to the Town remained steady. Sales tax income reflected an increase during certain months.
- Began to see an increase in accommodation taxes from previous year.

### Other Post-Employment Benefits

The Town has reported the annual cost and future obligations and commitments for other post-employment benefits (OPEB) in accordance with the requirements of Governmental Accounting Standards Board Statement No. 75. Information is provided in Note 2.B. and Schedule A-2.

# Management's Discussion and Analysis

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## **Budget Highlights for the Fiscal Year Ending June 30, 2021**

Governmental Activities – The Town Council approved \$2,095,770 annual budget for fiscal year 2022, an increase of 6.16% over the original approved fiscal year 2021 budget. Town Council established a tax rate at \$.50 per \$100 at full assessed valuation. Town Council seen the importance in continuing to provide the same services without an increase to property tax. Staff will continue to seek grant funding to provide and increase the quality of services offered. The Town Council provided for improvements at Town parks and trails to increase outside activities.

Business-Type Activities – The Town Council approved \$990,500 annual budget for fiscal year 2022, a -0.12% decrease from the original approved fiscal year 2021 budget. Town Council decided, due to current hardships of customers, there would be no increase in water rates for customers. A CDBG Infrastructure grant project replacing waterlines along specified streets is scheduled for completion during fiscal year 2022. Staff continues to seek grant funding to provide and increase water quality for customers.

## **Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Town of Jonesville, 1503 NC Highway 67, Jonesville, North Carolina 28642. You can also call (336) 835-3426, visit our website [www.townofjonesvillenc.com](http://www.townofjonesvillenc.com), or send an email to [wthompson@townofjonesvillenc.com](mailto:wthompson@townofjonesvillenc.com) for more information.

## **BASIC FINANCIAL STATEMENTS**

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Statement of Net Position**  
**June 30, 2021**

Exhibit 1  
Page 1 of 2

	Primary Government			Jonesville Tourism Development Authority
	Governmental Activities	Business-Type Activities	Total	
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 1,196,791	\$ 754,725	\$ 1,951,516	\$ 329,876
Cash and cash equivalents-restricted	26,569	20,950	47,519	-
Taxes receivables, net	110,919	-	110,919	-
Accounts receivable, net	18,980	345,078	364,058	41,501
Due from other governments	152,882	125,000	277,882	-
Due from other component units	4,342	-	4,342	(4,342)
Internal balances	252,269	(252,269)	-	-
Inventories	-	41,532	41,532	-
Total current assets	<u>1,762,752</u>	<u>1,035,016</u>	<u>2,797,768</u>	<u>367,035</u>
Non Current Assets:				
Capital assets:				
Land, improvements, and construction in progress	1,322,808	526,895	1,849,703	-
Other capital assets, net of depreciation	1,721,876	5,414,832	7,136,708	26,256
Total capital assets	<u>3,044,684</u>	<u>5,941,727</u>	<u>8,986,411</u>	<u>26,256</u>
Total assets	<u>4,807,436</u>	<u>6,976,743</u>	<u>11,784,179</u>	<u>393,291</u>
<b>Deferred Outflows of Resources</b>				
Other post employment benefit deferrals	59,732	25,599	85,331	-
Pension deferrals	314,059	60,744	374,803	-
	<u>373,791</u>	<u>86,343</u>	<u>460,134</u>	<u>-</u>

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Statement of Net Position**  
**June 30, 2021**

Exhibit 1  
Page 2 of 2

	Primary Government			Jonesville Tourism Development Authority
	Governmental Activities	Business-Type Activities	Total	
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 17,467	\$ 274,543	\$ 292,010	\$ 4,831
Customer deposits	-	20,950	20,950	-
Current portion of long-term liabilities	44,617	55,863	100,480	-
Total current liabilities	62,084	351,356	413,440	4,831
Long-term liabilities:				
Net pension liability	424,237	106,059	530,296	-
Total pension liability	224,178	-	224,178	-
Total OPEB liability	352,124	150,910	503,034	-
Due in more than one year	1,159,586	2,300,140	3,459,726	-
Total liabilities	2,222,209	2,908,465	5,130,674	4,831
<b>Deferred Inflows of Resources</b>				
Other post employment benefit deferrals	21,412	9,176	30,588	-
Pension deferrals	45,061	1,864	46,925	-
Total deferred inflows of resources	66,473	11,040	77,513	-
<b>Net Position</b>				
Net investment in capital assets	3,044,684	3,812,238	6,856,922	26,256
Restricted for:				
Stabilization by State Statute	449,153	-	449,153	41,501
Streets	4,483	-	4,483	-
Grants	1,406	-	1,406	-
Unrestricted	(607,181)	331,343	(275,838)	320,703
Total net position	\$ 2,892,545	\$ 4,143,581	\$ 7,036,126	\$ 388,460

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

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Statement of Activities**  
**Year Ended June 30, 2021**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 692,669	\$ -	\$ 127,232	\$ -
Public safety	438,974	-	68,156	-
Transportation	779,145	2,833	-	-
Environmental protection	175,578	177,029	-	-
Cultural and recreation	25,458	825	-	-
Interest on long-term debt	51,968	-	-	-
Total governmental activities	<u>2,163,792</u>	<u>180,687</u>	<u>195,388</u>	<u>-</u>
Business-type activities:				
Water & Sewer fund	924,241	991,735	-	176,401
Total business-type activities	<u>924,241</u>	<u>991,735</u>	<u>-</u>	<u>176,401</u>
Total primary government	<u>\$ 3,088,033</u>	<u>\$ 1,172,422</u>	<u>\$ 195,388</u>	<u>\$ 176,401</u>
Component unit:				
Tourism Development Authority	251,940	-	-	-
Total component unit	<u>251,940</u>	<u>-</u>	<u>-</u>	<u>-</u>

**General Revenues:**

Taxes:

Property taxes, levied for general purposes

Other taxes and licenses

Unrestricted intergovernmental

Occupancy tax

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues, special items, and transfers

Change in net position

Net position - beginning

Net position - ending

<u>Net (Expense) Revenue and Changes in Net Position</u>			Jonesville Tourism Development Authority
<u>Primary Government</u>			
<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
\$ (565,437)	\$ -	\$ (565,437)	\$ -
(370,818)	-	(370,818)	-
(776,312)	-	(776,312)	-
1,451	-	1,451	-
(24,633)	-	(24,633)	-
(51,968)	-	(51,968)	-
<u>(1,787,717)</u>	<u>-</u>	<u>(1,787,717)</u>	<u>-</u>
-	243,895	243,895	-
-	243,895	243,895	-
<u>(1,787,717)</u>	<u>243,895</u>	<u>(1,543,822)</u>	<u>-</u>
-	-	-	(251,940)
-	-	-	(251,940)
986,566	-	986,566	-
9,607	-	9,607	-
838,485	-	838,485	-
-	-	-	319,018
651	347	998	158
33,386	-	33,386	-
10,799	(10,799)	-	-
<u>1,879,494</u>	<u>(10,452)</u>	<u>1,869,042</u>	<u>319,176</u>
91,777	233,443	325,220	67,236
<u>2,800,768</u>	<u>3,910,138</u>	<u>6,710,906</u>	<u>321,224</u>
<u>\$ 2,892,545</u>	<u>\$ 4,143,581</u>	<u>\$ 7,036,126</u>	<u>\$ 388,460</u>

## Balance Sheet

## Governmental Funds

June 30, 2021

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 1,196,791	\$ -	\$ 1,196,791
Restricted cash and cash equivalents	4,483	22,086	26,569
Receivable, net:			
Taxes	110,919	-	110,919
Accounts	18,980	-	18,980
Due from other governments	152,882	-	152,882
Due from other funds	272,949	-	272,949
Due from component unit	4,342	-	4,342
Total assets	<u>\$ 1,761,346</u>	<u>\$ 22,086</u>	<u>\$ 1,783,432</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	17,467	\$ -	\$ 17,467
Due to other funds	-	20,680	20,680
Total liabilities	<u>17,467</u>	<u>20,680</u>	<u>38,147</u>
<b>Deferred Inflow of Resources</b>	<u>110,919</u>	<u>-</u>	<u>110,919</u>
<b>Fund Balances</b>			
Restricted for:			
Stabilization by State Statute	449,153	-	449,153
Streets	4,483	-	4,483
Grant funds	-	1,406	1,406
Unassigned	<u>1,179,324</u>	<u>-</u>	<u>1,179,324</u>
Total fund balances	<u>1,632,960</u>	<u>1,406</u>	<u>\$ 1,634,366</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,761,346</u>	<u>\$ 22,086</u>	

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Reconciliation of the Governmental Funds Balance Sheet to the**  
**Statement of Net Position**  
**Governmental Funds**  
**June 30, 2021**

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Exhibit 4

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

Total fund balance		\$ 1,634,366
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets	4,782,551	
Less: accumulated depreciation	<u>1,737,867</u>	3,044,684
Deferred outflows of resources related to pensions are not reported in the funds		314,059
Deferred outflows of resources related to OPEB are not reported in the funds		59,732
Assets (accrued interest receivable from taxes) are not available to pay for current-period expenditures and therefore are not reported in the funds.		-
Earned revenues considered deferred inflows of resources for fund statements		110,919
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:		
Gross long-term debt	(1,152,658)	
Net pension liability	(424,237)	
Total pension liability	(224,178)	
OPEB liability	<u>(352,124)</u>	(2,153,197)
Deferred inflows of resources related to pensions are not reported in the funds		(45,061)
Deferred inflows of resources related to OPEB are not reported in the funds		(21,412)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		<u>(51,545)</u>
Net position of governmental activities		<u>\$ 2,892,545</u>

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

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2021**

Exhibit 5

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>			
Ad valorem taxes	\$ 961,677	\$ -	\$ 961,677
Other taxes and licenses	9,607	-	9,607
Unrestricted intergovernmental	838,485	-	838,485
Restricted intergovernmental	68,156	127,232	195,388
Permits and fees	4,259	-	4,259
Sales and services	177,854	-	177,854
Investment earnings	641	10	651
Other revenues	22,161	9,799	31,960
Total revenues	<u>2,082,840</u>	<u>137,041</u>	<u>2,219,881</u>
<b>Expenditures:</b>			
Current:			
General government	496,843	127,232	624,075
Public safety	706,800	1,041	707,841
Transportation	421,067	-	421,067
Environmental protection	175,578	-	175,578
Cultural and recreation	50,886	-	50,886
Debt service:			
Principal	55,138	-	55,138
Interest on other charges	51,228	-	51,228
Total expenditures	<u>1,957,540</u>	<u>128,273</u>	<u>2,085,813</u>
Revenues over (under) expenditures	<u>125,300</u>	<u>8,768</u>	<u>134,068</u>
<b>Other Financing Sources (Uses):</b>			
Transfers in from other funds	10,799	-	10,799
Total other financing sources	<u>10,799</u>	<u>-</u>	<u>10,799</u>
Net change in fund balances	<u>136,099</u>	<u>8,768</u>	<u>144,867</u>
Fund balances, beginning	<u>1,496,861</u>	<u>(7,362)</u>	<u>1,489,499</u>
Fund balances, ending	<u>\$ 1,632,960</u>	<u>\$ 1,406</u>	<u>\$ 1,634,366</u>

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

**Reconciliation of the Statement of Revenues, Expenditures, and Changes  
in Fund Balances of the Governmental Funds to the Statement of Activities  
Governmental Funds  
Year Ended June 30, 2021**

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

Net change in fund balances - total governmental funds	\$ 144,867
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 depreciation was less than capital outlays.	(26,421)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	80,646
Benefit payments paid and administrative expense for the law enforcement officers' special separation allowance are not included on the Statement of Activities	3,120
Other post employment benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	16,668
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	
Change in unavailable revenue for tax revenues	24,889
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal payments on long-term debt	55,138
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	1,042
Pension expense	(170,176)
OPEB plan expense	(37,996)
	<hr/>
Total changes in net position of governmental activities	<u>\$ 91,777</u>

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances -**  
**Annual Budget and Actual - General Fund**  
**Year Ended June 30, 2021**

Exhibit 7

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
<b>Revenues</b>				
Ad valorem taxes	\$ 955,600	\$ 955,600	\$ 961,677	\$ 6,077
Other taxes and licenses	10,300	10,300	9,607	(693)
Unrestricted intergovernmental	661,210	668,560	838,485	169,925
Restricted intergovernmental	72,000	72,000	68,156	(3,844)
Permits and fees	3,000	3,000	4,259	1,259
Sales and services	180,700	180,700	177,854	(2,846)
Investment earnings	1,500	1,500	641	(859)
Other revenue	16,100	42,280	22,161	(20,119)
Total revenues	<u>1,900,410</u>	<u>1,933,940</u>	<u>2,082,840</u>	<u>148,900</u>
<b>Expenditures</b>				
Current:				
General government	498,060	526,513	496,843	29,670
Public safety	789,020	766,167	706,800	59,367
Transportation	372,300	438,550	421,067	17,483
Environmental protection	180,800	178,800	175,578	3,222
Cultural and recreation	8,050	36,885	50,886	(14,001)
Debt service:				
Principal retirement	45,140	45,190	55,138	(9,948)
Interst and other charges	50,500	50,450	51,228	(778)
Total expenditures	<u>1,943,870</u>	<u>2,042,555</u>	<u>1,957,540</u>	<u>85,015</u>
Revenues over (under) expenditures	<u>(43,460)</u>	<u>(108,615)</u>	<u>125,300</u>	<u>233,915</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in from other funds	-	-	10,799	10,799
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>10,799</u>	<u>10,799</u>
<b>Fund balance appropriated</b>	<u>43,460</u>	<u>108,615</u>	<u>-</u>	<u>(108,615)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	136,099	<u>\$ 136,099</u>
Fund balances, beginning			1,496,861	
Fund balances, ending			<u>\$ 1,632,960</u>	

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

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Statement of Net Position**  
**Proprietary Fund**  
**June 30, 2021**

Exhibit 8

	Business-Type Activities Enterprise Funds Water Fund
<b>Assets</b>	
Current assets:	
Cash and cash equivalents	\$ 754,725
Accounts receivable, net - billed	143,766
Accounts receivable, net - unbilled	50,728
Other accounts receivable	150,584
Due from Yadkin Valley Sewer Authority	125,000
Inventories	41,532
Restricted cash and cash equivalents	20,950
Total current assets	<u>1,287,285</u>
Non-current assets:	
Capital assets:	
Land and other non-depreciable assets	526,895
Other capital assets, net of depreciation	5,414,832
Total capital assets	<u>5,941,727</u>
Total assets	<u>7,229,012</u>
<b>Deferred Outflows of Resources</b>	
Other post employment benefit deferrals	25,599
Pension deferrals	60,744
Total deferred outflows of resources	<u>86,343</u>
<b>Liabilities</b>	
Current liabilities:	
Accounts payable and accrued liabilities	274,543
General obligation bonds payable - current	7,500
Revenue bonds payable - current	45,000
Compensated absences - current	3,363
Due to other funds	252,269
Liabilities payable from restricted assets:	
Customer deposits	20,950
Total current liabilities	<u>603,625</u>
Noncurrent liabilities:	
Compensated absences	26,140
General obligation bonds	56,500
Revenue bonds	2,217,500
Net pension liability	106,059
Total OPEB liability	150,910
Total liabilities	<u>3,160,734</u>
<b>Deferred Inflows of Resources</b>	
Other post employment benefit deferrals	9,176
Pension deferrals	1,864
Total deferred inflows of resources	<u>11,040</u>
<b>Net Position</b>	
Net investment in capital assets	3,812,238
Unrestricted	331,343
Total net position	<u>\$ 4,143,581</u>

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

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Statement of Revenues, Expenses, and Changes in Net Fund Position**  
**Proprietary Fund**  
**Year Ended June 30, 2021**

Exhibit 9

	Business-Type Activities
	<u>Enterprise Funds</u>
	Water Fund
	<u>Fund</u>
Operating revenues:	
Charges for services	\$ 763,138
Other operating revenues	228,597
Total operating revenues	<u>991,735</u>
Operating expenses:	
Administration	18,250
Water treatment and distribution	673,560
Depreciation and amortization	164,224
Total operating expenses	<u>856,034</u>
Operating income	<u>135,701</u>
Non-operating revenues (expenses):	
Investment earnings	347
Interest on long-term debt	<u>(68,207)</u>
Total non-operating revenues (expenses)	<u>(67,860)</u>
Net gain before contributions and transfers	67,841
Capital contribution	176,401
Transfers to other funds	<u>(10,799)</u>
Change in net fund position	233,443
Total net position - beginning	<u>3,910,138</u>
Total net position, ending	<u><u>\$ 4,143,581</u></u>

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Statement of Cash Flows**  
**Proprietary Fund**  
**Year Ended June 30, 2021**

Exhibit 10

	Business-Type Activities
	<u>Enterprise Funds</u>
	Water Fund
	<u>Fund</u>
Cash flows from operating activities:	
Cash received from customers and users	\$ 857,664
Cash paid for goods and services	(118,070)
Cash paid to or on behalf of employees for services	(295,020)
Net cash provided by operating activities	<u>444,574</u>
Cash flows from noncapital financing activities:	
Decrease in due to other funds	(72,513)
Transfers from (to) other funds	(10,799)
Total cash flows used in noncapital financing activities	<u>(83,312)</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(94,357)
Principal paid on bond maturities and notes payable	(51,500)
Interest paid on bond maturities and notes payable	(68,207)
Net cash capital and related used in financing activities	<u>(214,064)</u>
Cash flows from investing activities:	
Interest on investments	347
Net cash provided by investing activities	<u>347</u>
Net increase in cash and cash equivalents	147,545
Balances, beginning	628,130
Balances, ending	<u>\$ 775,675</u>

(Continued)

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Statement of Cash Flows (Continued)**  
**Proprietary Fund**  
**Year Ended June 30, 2021**

Exhibit 10

	Business-Type Activities
	<u>Enterprise Funds</u>
	Water Fund
	<u>\$</u>
Operating income	135,701
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	164,224
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(138,050)
Inventory	(9,344)
Deferred outflows of resources-pensions and OPEB	(37,795)
Increase (decrease) in:	
Accounts payable and accrued liabilities	264,288
Customer deposits	3,979
Deferred inflows of resources-pensions and OPEB	(124)
Pensions and OPEB liabilities	64,122
Accrued vacation	(2,427)
Total adjustments	<u>308,873</u>
Net cash provided by operating activities	<u>\$ 444,574</u>

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Jonesville and its discretely presented component unit conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

**Reporting Entity**

The Town of Jonesville is a municipal corporation that is governed by an elected mayor and a five- member council. As required by generally accepted accounting principles, these financials statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

**Jonesville Tourism Development Authority**

The members of the Jonesville Tourism Development Authority's governing board are appointed by the Town. The Jonesville Tourism Development Authority (the Authority) receives revenue through a six percent occupancy tax, which is levied and collected by the Town of Jonesville. The Town remits the taxes collected to the Authority, net of administration and collection costs not to exceed three percent of collections up to \$500,000, and one percent thereafter. The Authority, which has a June 30 year-end, is presented as if it were a governmental fund. Complete financial statements of the authority may be obtained from the Town of Jonesville, 1503 NC 67 Hwy, Jonesville, NC 28642.

**Basis of Presentation**

*Government-Wide Statements:* The statement of net position and the statement of activities display information about the primary government and its component unit. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. The 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 specific 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 and enterprise funds 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 JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Town reports the following major governmental fund:

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

The Town reports the following non-major governmental funds:

*Police Special Fund* – This fund accounts for funds received that must be spent for designated purposes.

*CARES Fund* – This fund accounts for grant funds that are restricted for use for a particular purpose.

The Town reports the following major enterprise fund:

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

**Measurement Focus and Basis of Accounting**

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

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

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

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

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*Governmental Fund Financial Statements* - Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as a revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

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

**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, the Police Special Fund, CARES Fund and the Enterprise Fund. All annual appropriations lapse at the fiscal- year end. Project ordinances are adopted for the Enterprise Capital Project Fund. The enterprise project fund is consolidated with its respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations by more than \$2,500. The governing board must approve all amendments. The budget ordinance must be adopted by July 1 of the fiscal year or the governing body must adopt an interim budget that covers the time until the annual ordinance can be adopted.

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Assets, Liabilities, Deferred Outflows and Inflows of Resources, and Fund Equity**

Deposits and Investments

All deposits of the Town and the Tourism Development Authority 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 associations 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 and the Tourism Development Authority 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). The Town's investments are generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. Because the NCCMT Government has a weighted average maturity of less than 90 days, it is presented as cash and cash equivalents.

**Cash and Cash Equivalents**

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

**Restricted Cash**

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 classified as restricted cash because they can be expended only for the purposes outlined in G.S. 136-41.1 through 136-41.4. Drug funds are classified as restricted cash because they can be expended only for specific purpose as prescribed by the grant agreement.

Restricted cash at June 30, 2021, consists of the following:

<b>Governmental Activities</b>	
General Fund:	
Streets	\$ 4,483
Police Special Fund:	
Drug funds	22,086
Total governmental activities	<u>\$ 26,569</u>
 <b>Business-Type Activities</b>	
Water Fund:	
Customer deposits	\$ 20,950
Total business-type activities	<u>\$ 20,950</u>
 Total restricted cash	 <u>\$ 47,519</u>

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**Ad Valorem Taxes Receivable**

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)] , the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2020.

**Allowance for Doubtful Accounts**

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

**Inventory**

The inventory of the Town is valued at the lower of cost (first-in, first-out) or market. The Town's Enterprise Fund inventory consists of materials and supplies held for subsequent use. The costs of these is expensed when consumed rather than when purchased.

**Capital Assets**

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

The town has elected not to report general infrastructure assets retroactively.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	30-40 years
Buildings	50 years
Improvements	25 years
Vehicles	6 years
Furniture and equipment	10 years
Computer equipment	3 years

**Deferred Outflows and Inflows of Resources**

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has one item that meets this criterion, pension deferrals for the 2021 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

## TOWN OF JONESVILLE, NORTH CAROLINA

### Notes to Financial Statements

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#### NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category - property taxes receivable and pension and OPEB deferrals.

#### **Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net position.

#### **Compensated Absences**

The vacation policy of the Town provides for the accumulation of up to 240 hours 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 within the fund as the leave is earned. The Town has assumed a first-in first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. 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.

#### **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:

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

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

*Restricted for Stabilization by State Statute* - North Carolina G.S. 159-8 prohibits units of government from budgeting or spending a portion of their fund balance. This is one of several statutes enacted by the North Carolina State Legislature in the 1930's that were designed to improve and maintain the fiscal health of local government units. Restricted by State statute (RSS), is calculated at the end of each fiscal year for all annually budgeted funds. The calculation in G.S. 159-8(a) provides a formula for determining what portion of fund balance is available for appropriation. The amount of fund balance not available for appropriation is what is known as "restricted by State statute". *Appropriated fund*

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

*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.

*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.

*Grant Funds* – portion of fund balance that is restricted by revenue source for specific grant expenditures.

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

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

The Town of Jonesville has not adopted a formal fund balance policy.

**Defined Benefit Cost-Sharing Plan**

For purposes of measuring the net pension liability, deferred outflow of resources and deferred inflow of resources related to pensions, and pension expense, information about the fiduciary net position of the Local Government 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 Jonesville's employer contributions are recognized when due and the Town of Jonesville 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 JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 – DETAIL NOTES ON ALL FUNDS

**A. Assets**

**Deposits**

All the deposits of the Town and Tourism Development Authority 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 units' 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 with the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. The Town has no policy regarding custodial credit risk for deposits.

At June 30, 2021, the Town's deposits had a carrying amount of \$1,984,379 and a bank balance of \$2,008,806. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral under the Pooling Method. As of June 30, 2021, the Town's petty cash fund totaled \$1,000.

The carrying amount of deposits for the Tourism Authority was \$329,876 and the bank balance was \$348,945. Of the bank balance \$348,945 was covered by the federal depository insurance.

At June 30, 2021, the Town had \$13,656 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAm by Standard and Poor's. The Government Portfolio is measured at Fair Value-Level 1. Level I debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. The Town has no formal policy regarding credit risk of its investments.

**Receivables – Allowance For Doubtful Accounts**

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2020 are net of the following allowances for doubtful accounts :

General Fund - taxes receivable	\$ 12,325
Enterprise Fund - accounts receivable	<u>17,000</u>
Total allowance for doubtful accounts	<u><u>\$ 29,325</u></u>

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

**Capital Assets**

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
<b>Governmental Activities:</b>					
Capital assets not being depreciated:					
Land	\$ 1,281,008	\$ -	\$ -	\$ -	\$ 1,281,008
Construction in progress	-	41,800	-	-	41,800
Total capital assets not being depreciated	<u>1,281,008</u>	<u>41,800</u>	<u>-</u>	<u>-</u>	<u>1,322,808</u>
Capital assets being depreciated:					
Buildings and improvements	2,336,350	22,227	-	-	2,358,577
Equipment	373,196	44,023	-	-	417,219
Vehicles	683,947	-	-	-	683,947
Total capital assets being depreciated	<u>3,393,493</u>	<u>66,250</u>	<u>-</u>	<u>-</u>	<u>3,459,743</u>
Less accumulated depreciation for:					
Buildings and improvements	803,458	64,369	-	-	867,827
Equipment	318,082	19,660	-	-	337,742
Vehicles	481,856	50,442	-	-	532,298
Total accumulated depreciation	<u>1,603,396</u>	<u>134,471</u>	<u>-</u>	<u>-</u>	<u>1,737,867</u>
Total capital assets being depreciated, net	<u>1,790,097</u>				<u>1,721,876</u>
Government activity capital assets, net	<u>\$ 3,071,105</u>				<u>\$ 3,044,684</u>

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

<b>Governmental Activities:</b>	
General government	\$ 42,716
Public safety	50,054
Public works	25,329
Cultural and recreational	16,372
Total depreciation expense	<u>\$ 134,471</u>

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Capital asset activity for the Business-Type Activities was as follows:

	Beginning Balances	Increases	Decreases	Transfer	Ending Balances
<b>Water Fund:</b>					
Capital assets not being depreciated:					
Land	72,530	\$ -	\$ -	\$ -	72,530
Construction in progress	<u>183,607</u>	<u>270,758</u>	<u>-</u>	<u>-</u>	<u>454,365</u>
Total capital assets not being depreciated	<u>256,137</u>	<u>270,758</u>	<u>-</u>	<u>-</u>	<u>526,895</u>
Capital assets being depreciated:					
Plant and equipment	3,561,025	-	-	-	3,561,025
Water plant	<u>4,673,211</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,673,211</u>
Total capital assets being depreciated	<u>8,234,236</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,234,236</u>
Less accumulated depreciation for:					
Plant and equipment	2,008,851	71,208	-	-	2,080,059
Water plant	<u>646,329</u>	<u>93,016</u>	<u>-</u>	<u>-</u>	<u>739,345</u>
Total accumulated depreciation	<u>2,655,180</u>	<u>164,224</u>	<u>-</u>	<u>-</u>	<u>2,819,404</u>
Total capital assets being depreciated, net	<u>5,579,056</u>				<u>5,414,832</u>
Water fund capital assets, net	<u>\$ 5,835,193</u>				<u>\$ 5,941,727</u>

**Discretely presented component unit**

Activity for the Tourism Development Authority for the year ended June 30, 2021, was as follows:

Capital assets being depreciated:					
Equipment	\$ 86,390	\$ -	\$ -	\$ -	\$ 86,390
Total capital assets being depreciated	<u>86,390</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>86,390</u>
Less accumulated depreciation for:					
Equipment	<u>58,165</u>	<u>1,969</u>	<u>-</u>	<u>-</u>	<u>60,134</u>
Capital assets being depreciated, net	<u>\$ 58,165</u>				<u>\$ 60,134</u>

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

**B. Liabilities**

**Long Term Obligations**

**Installment purchases**

The Town has a construction loan on the Town Hall and Welcome Center facility with the USDA at 4.375% interest with annual installment of \$72,196 through June 2048. \$ 1,130,766

The Town has a installment loan on a dump truck with a bank at 4.000% interest with annual installment of \$10,810 through October 2021. \$ 10,005

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Annual debt service payments of the financing as of June 30, 2020, including interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 32,730	\$ 49,887
2023	23,719	48,477
2024	24,757	47,439
2025	25,840	46,356
2026	26,970	45,226
2027-2031	153,621	207,359
2032-2036	190,294	170,686
2037-2041	235,727	125,253
2042-2046	292,006	68,974
2047-2048	135,107	9,285
Total	<u>\$ 1,140,771</u>	<u>\$ 818,942</u>

At June 20, 2021, the Town had a legal debt margin of \$15,598,872.

**General Obligation Bonds – Serviced by the Water Fund:**

The Water Fund has an outstanding installment loan with a bank at 5.000% interest with annual principal installments of \$3,500 through June 2007, increasing in increments of \$500 to a maximum of \$8,000 in 2008 to 2028, with a final payment of \$1,000 due in June of 2029. \$ 56,500

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

The future minimum payment of the general obligation bonds as of June 30, 2021 are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 7,500	\$ 2,825
2023	8,000	2,450
2024	8,000	2,050
2025	8,000	1,650
2026	8,000	1,250
2027-2029	17,000	1,350
Total	<u>\$ 56,500</u>	<u>\$ 11,575</u>

**Revenue Bonds – Serviced by the Water Fund**

Revenue Bond at June 30, 2021 is comprised of the following:

The Water Fund has an outstanding installment loan with a bank at 4.750% interest with annual principal installments of \$37,000, increasing in increments of \$1,000 to \$3,000 per year to a maximum payment of \$104,000 in 2053.

\$ 2,270,000

The future minimum payments of the revenue bonds as of June 30, 2021 are as follows::

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 45,000	\$ 62,425
2023	46,000	61,188
2024	48,000	59,923
2025	49,000	58,603
2026	50,000	57,255
2027-2031	274,000	264,743
2032-2036	313,000	224,978
2037-2041	360,000	179,439
2042-2046	411,000	127,189
2047-2051	469,000	67,539
2042-2053	205,000	8,498
Total	<u>\$ 2,270,000</u>	<u>\$ 1,171,780</u>

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

The Town is in compliance with covenants as to rates, fees, rentals and charges in Section 3.04 of the Bond Order, authorizing the issuance of the Water and Sewer Revenue Bonds, Series 2013. Section 3.04 of the Bond Order requires the debt service coverage ratio to be no less than 110% of net revenues. The debt service coverage ratio calculation for the year ended June 30, 2021 is as follows:

Operating revenues	\$ 991,735
Operating expenses	<u>856,034</u>
Operating income	135,701
Nonoperating revenues (expenses)*	<u>(4,225)</u>
Income available for debt service	<u><u>\$ 131,476</u></u>
Debt service, principal and interest paid (revenue bond only)	\$ 107,635
Debt service coverage ratio	122%
*This does not include revenue bond interest paid	<u><u>\$ 63,635</u></u>

The Town has pledged future water and sewer customer revenues, net of specified operating expenses, to repay \$2,590,000 in water and sewer system revenue bonds issued in 2014. Proceeds from the bonds provided financing for certain improvements in the water and sewer system. The bonds are payable solely from water and sewer customer net revenues and are payable through 2053. The total principal and interest remaining to be paid on the bonds is \$3,441,780. Principal and interest paid for the current year and total net revenues were \$107,635 and \$163,516, respectively.

Changes in Long-Term Liabilities

A summary of long-term debt as of June 30, 2021, is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion
Governmental Activities:					
Construction financing	\$ 1,152,538	\$ -	\$ 21,772	\$ 1,130,766	\$ 22,725
Installment purchase	42,631	-	32,626	10,005	10,005
Compensated absences	65,214	-	1,782	63,432	11,887
Total OPEB liability	282,389	69,735	-	352,124	-
Net pension liability (LGERS)	287,293	136,944	-	424,237	-
Total pension liability (LEO)	<u>157,285</u>	<u>66,893</u>	<u>-</u>	<u>224,178</u>	<u>-</u>
Total governmental activity long-term liabilities	<u><u>\$ 1,987,350</u></u>	<u><u>\$ 273,572</u></u>	<u><u>\$ 56,180</u></u>	<u><u>\$ 2,204,742</u></u>	<u><u>\$ 44,617</u></u>

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Business-Type Activities:

General obligation bonds	\$ 64,000	\$ -	\$ 7,500	\$ 56,500	\$ 7,500
Revenue bonds	2,314,000	-	44,000	2,270,000	45,000
Compensated absences	31,930	-	2,427	29,503	3,363
Total OPEB liability	121,024	29,886	-	150,910	-
Net pension liability	71,823	34,236	-	106,059	-
Total business-type long-term liabilities	<u>\$ 2,602,777</u>	<u>\$ 64,122</u>	<u>\$ 53,927</u>	<u>\$ 2,612,972</u>	<u>\$ 55,863</u>

**Pension Plan Obligations**

a. Local Governmental Employees' Retirement System

*Plan Description:* The Town of Jonesville, North Carolina 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. LGERS provides retirement and disability benefits to plan members and beneficiaries. 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 thirteen 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 the State Superintendent, who serve as ex-officio members. The LGERS is included in the *Annual Comprehensive Financial Report* for the State of North Carolina. The State's Annual Comprehensive Financial Report includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699, or by calling (919) 981-5454 or at [www.osc.nc.gov](http://www.osc.nc.gov).

*Benefits Provided.* LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

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

*Contributions* - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Jonesville 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 Jonesville's contractually required contribution rate for the year ended June 30, 2021, was 9.70% of compensation for law enforcement officers and 8.95% 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 Jonesville were \$100,808 for the year ended June 30, 2021.

*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, 2021, the Town reported a liability of \$530,296 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 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, 2020, the Town's proportion was 0.0148%, which was an increase of 0.0017% from its proportion measured as of June 30, 2019.

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

For the year ended June 30, 2021, the Town recognized pension expense of \$184,894. At June 30, 2021, 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	\$ 66,967	\$ -
Changes of assumptions	39,464	-
Net difference between projected and actual earnings on pension plan investments	74,625	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	21,858	9,322
Town contributions subsequent to the measurement date	100,808	-
	<u>\$ 303,722</u>	<u>\$ 9,322</u>

\$100,808 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, 2022. Other amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2022	\$ 53,249
2023	71,058
2024	47,202
2025	22,083
	<u>\$ 193,592</u>

*Actuarial Assumptions* - 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	3.0%
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00%, 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, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	29.0%	1.4%
Global equity	42.0%	5.3%
Real estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation protection	6.0%	4.0%
	<u>100%</u>	

The information above is based on 30 year expectations developed with the consulting actuary for the 2019 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.

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

*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 7.00 percent, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 1,075,914	\$ 530,296	\$ 76,850

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

b. Law Enforcement Officers Special Separation Allowance

*Plan Description* - The Town of Jonesville, North Carolina 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. The Separation Allowance is equal to .85% 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 law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Active plan members	10
	11
	11

Summary of Significant Accounting Policies

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlined in GASB Statements 73:

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2019 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	2.5%
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

Mortality rates are based on the Pub-2010 Mortality tables with adjustments for mortality improvements based on Scale MP-2019.

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$3,120 As benefits came due for the reporting period.

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

At June 30, 2021, the Town reported a pension liability of \$224,178. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$21,629.

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to Separation Allowance from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
	<u>                    </u>	<u>                    </u>
Differences between expected and actual experience	\$ 800	\$ 32,351
Changes of assumptions	70,281	5,252
Town benefit payments and plan administrative expenses made subsequent to the measurement date	-	-
	<u>\$ 71,081</u>	<u>\$ 37,603</u>

Amounts reported as deferred outflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ended June 30:</u>	
2022	\$ 4,192
2023	4,590
2024	4,980
2025	5,806
2023	6,936
Thereafter	6,974
	<u>\$ 33,478</u>

*Sensitivity of the Town's total pension liability to changes in the discount rate* - The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total pension liability	\$ 253,877	\$ 244,178	\$ 197,569

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

*Schedule of Changes in Total Pension Liability:* The Town’s annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Beginning balance	\$ 157,285
Service cost	12,008
Interest on the total pension liability	5,077
Differences between expected and actual experience in the measurements of the total pension liability	(17,113)
Changes in assumptions or other inputs	70,041
Benefit payments	<u>(3,120)</u>
Ending balance of the total pension liability	<u>\$ 224,178</u>

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

The actuarial assumptions used in the December 31, 2019 valuation was based on the results of an actuarial experience study for the five-year period ending December 31, 2019.

**Supplemental Retirement Income Plan for Law Enforcement Officers**

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

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

*Funding Policy:* Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to 5% of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2021 were \$21,926 which consisted of \$16,976 from the Town and \$4,950 from the law enforcement officers.

c. Other Post-Employment Benefits

*Plan Description:* Under the terms of a Town resolution, the Town administers a single employer defined benefit Health Benefits plan (the HCB Plan). The plan provides post-retirement healthcare benefits to retirees of the Town provided they have at least 15 years of service with the Town and attain age 55 when they retire. The Town contributes toward the cost of this insurance for 12 years or until age 67, whichever comes first as follows:

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

*Benefits Provided:* For retirees who have completed 25 years of service, the Town will pay 100% of the premium for the cost of medical insurance until the employee reaches age 65. For retirees who have completed 20 years of service, the Town will pay 75% of the cost of medical insurance until the employee reaches age 65. For retirees who have completed 15 years of service, the Town will pay 50% of the cost of medical insurance until the employee reaches age 65.

*Funding Policy.* The Town pays the full cost of coverage for the healthcare benefits paid to qualified retirees under a Town resolution that can be amended by Town Council. The Town has chosen to fund the healthcare benefits on a pay as you go basis. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration cost. These expenditures are paid as they come due. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Membership of the HCB Plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	3
Active plan members	24
	<u>27</u>

Total OPEB Liability

The Town's total OPEB liability of \$503,034 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs*

The total OPEB liability in the June 30, 2020 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%
Salary increases, including wage inflation	
General Employees	3.50% to 7.75%
Law Enforcement Officers	3.50% to 7.35%
Discount rate	3.50%
Healthcare cost trend rates	
Pre-Medicare	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026

The discount rate is based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published weekly by The Bond Buyer.

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Changes in the Total OPEB liability

Beginning balance	\$ 403,413
Service cost	34,075
Interest	14,899
Changes of benefit term	
Differences between expected and actual experience	(3,817)
Changes in assumptions or other inputs	78,276
Benefit payments	(23,812)
Ending Balance	<u>\$ 503,034</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

*Sensitivity of the total OPEB liability to changes in the discount rate.* 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 a discount rate that is 1 percentage point lower (2.21%) or 1 percentage point higher (4.50%) than the current discount rate:

	1% Decrease	Discount Rate (2.21)	1% Increase
Total OPEB liability	\$ 417,173	\$ 503,034	\$ 610,165

*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 point lower or 1 percentage point higher than the current healthcare cost trend rates:

	1% Decrease	Discount Rate (Pre-Medicare 7.0% Medicare 5.00%)	1% Increase
Total OPEB liability	\$ 573,612	\$ 503,034	\$ 441,183

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

For the year ended June 30, 2021, the Town Recognized OPEB expense of \$54,279. At June 30, 2021, 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	\$ 14,076	\$ 5,851
Changes of assumptions or other inputs	71,255	24,737
Town benefit payments and plan administrative expenses made subsequent to the measurement date	-	-
Total	\$ 85,331	\$ 30,588

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

<u>Year Ended June 30:</u>	
2022	\$ 5,305
2023	5,305
2024	5,305
2025	5,305
2023	7,072
Thereafter	26,451
	\$ 54,743

**Other Employment Benefits**

The Town has 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 month's 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 \$25,000. Because all 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 postemployment 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.

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

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

	LGERS	LEOSSA	OPEB	Total
Pension Expense	\$ 184,894	\$ 21,629	\$ 54,279	\$ 260,802
Pension Liability	530,296	244,178	503,034	1,277,508
Proportionate share of the net pension liability	0.01484%	N/A	N/A	
Deferred of Outflows of Resources				
Differences between expected and actual experience	66,967	800	14,076	81,843
Changes of assumptions	39,464	70,281	71,255	181,000
Net difference between projected and actual earnings on plan investments	74,625	-	-	74,625
Changes in proportion and differences between contributions and proportionate share of	21,858	-	-	21,858
Benefit payments and administrative costs paid subsequent to the measurement date	100,808	-	-	100,808
Deferred of Inflows of Resources				
Differences between expected and actual experience	-	32,351	5,851	38,202
Changes of assumptions	-	5,252	24,737	29,989
Changes in proportion and differences between contributions and proportionate share of contributions	9,322	-	-	9,322

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Benefit payments and administrative expenses for plans made subsequent to measurement date	\$ 100,808	\$ -
Changes in assumptions	181,000	-
Differences between expected and actual experience	81,843	-
Net difference between projected and actual	74,625	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,858	-
	<u>\$ 460,134</u>	<u>\$ -</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes receivable (General Fund)	\$ -	\$ 110,919
Changes in assumptions	29,989	-
Differences between expected and actual experience	38,202	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,322	-
	<u>\$ 77,513</u>	<u>\$ 110,919</u>

**Risk Management**

The Town is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; error and omission; injuries to employees; and natural disasters. The Town carries commercial insurance for all other risks of loss including flood and earthquake. 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.

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 director and tax collector are each individually bonded for \$50,000. The remaining employees that have access to funds are individually bonded for \$10,000. The Town's finance director also acts as the finance director for the Jonesville Tourism Development Authority and is individually bonded for \$50,000.

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Notes to Financial Statements**

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NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

**Interfund Activity**

Balances due to/from other funds at June 30, 2021, consisted of the following:

<u>Due From</u>	<u>Due to</u>	<u>Amount</u>
Police Special Fund	General Fund	\$ 20,680
Water Fund	General Fund	252,269
		<u>\$ 272,949</u>

Advances to the Water Fund from the General Fund began in 2012 in order to fund operations as the Water Fund was not self-sufficient. No set repayment terms were established. Currently, the Town is working to ensure that the Water Fund operates without further assistance from the General Fund and that plans are made for the repayment of the balance owed.

Advances to the Police Special Fund were for drug funds. No set repayment terms were established.

Transfers to/from other funds at June 30, 2021, consist of the following:

<u>Transfers to</u>	<u>Transfers from</u>	<u>Amount</u>
General Fund	Water Fund	\$ 10,799
		<u>\$ 10,799</u>

**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	\$ 1,632,960
Less:	
Stabilization by State Statute	449,153
Streets- Powell Bill	4,483
Remaining Fund Balance	<u>\$ 1,179,324</u>

**Jointly Government Organizations**

Piedmont Triad Regional Council

The Town, in accordance with twelve counties and sixty other municipalities established the Piedmont Triad Regional Council. The participating governments established the Council to coordinate various funding received from federal and state agencies. Each participating government appoints one member to the Council's governing board.

Yadkin Valley Sewer Authority

The Yadkin Valley Sewer Authority (YVSA) was formed on April 19, 2006 by the Town of Jonesville (Yadkin County), Town of Elkin (Surry County) and Town of Ronda (Wilkes County) under authority established by Article 1 of Chapter 162A of the General Statutes of North Carolina. The Authority is governed by a five-member board of directors, whose members are appointed by each of the Towns. In accordance with the YVSA's bylaws, the Jonesville Town Council appoints two members, the Elkin Town Council appoints two members and the Ronda Town Council appoints one member.

## TOWN OF JONESVILLE, NORTH CAROLINA

### Notes to Financial Statements

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#### NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

The Authority's purpose will be to maintain and operate a sewer treatment facility and to maintain the sewer collection systems in each of the Towns. During the prior fiscal year, the Town transferred the sewer capital assets of the Town to the Authority. The Authority did not assume the loan that was connected with these assets but will be reimbursing the Town for their yearly loan payments.

#### NOTE 3 – RELATED ORGANIZATION

The Town in conjunction with the Town of Elkin formed the Yadkin Valley ABC Board. The Board is composed of five members, two appointed by the Town of Jonesville and three appointed by the Town of Elkin. The Town is not financially accountable for the Yadkin Valley ABC Board. Audited financial statements are available at the Yadkin Valley ABC Board, 150 Brandywine Circle Elkin, North Carolina 28621.

#### NOTE 4 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

##### Federal and State Assisted Programs

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

**REQUIRED SUPPLEMENTARY FINANCIAL DATA**

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Local Government Employees' Retirement System**  
**Required Supplementary Information**  
**Last Eight Fiscal Years\***

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Proportionate Share of Net Pension Liability:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Proportionate of the net pension liability (asset)	0.0148%	0.0132%	0.0131%
Proportionate of the net pension liability (asset)	\$ 530,296	\$ 359,116	\$ 311,251
Covered-employee payroll	1,036,238	891,711	796,663
Proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	51.18%	40.27%	39.07%
Plan fiduciary net position as a percentage of the total pension liability	\$ 1,036,238	90.86%	91.63%

Contributions:

Contractually required contribution	\$ 100,808	\$ 92,333	\$ 72,738
Contributions in relation to the contractually required contribution	<u>100,808</u>	<u>92,333</u>	<u>72,738</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,005,459	\$ 1,036,238	\$ 891,711
Contribution as a percentage of covered-employee payroll	10.03%	8.91%	8.16%

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

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<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
0.0151%	0.0151%	0.0139%	0.0133%	0.0151%
\$ 230,075	\$ 321,109	\$ 62,338	\$ (78,554)	\$ 182,013
869,479	898,978	822,534	816,481	880,313
26.46%	35.72%	7.58%	-9.62%	20.68%
94.18%	91.47%	98.09%	102.64%	94.35%
\$ 61,868	\$ 66,925	\$ 57,731	\$ 58,031	\$ 55,600
<u>61,868</u>	<u>66,925</u>	<u>57,731</u>	<u>58,031</u>	<u>55,600</u>
<u>\$ -</u>				
\$ 796,663	\$ 869,479	\$ 898,978	\$ 822,534	\$ 816,481
7.77%	7.70%	6.42%	7.06%	6.81%

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Law Enforcement Officers' Special Separation Allowance**  
**Required Supplementary Information**  
**Last Five Fiscal Years\***

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Schedule of Changes in Total Pension Liability:

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Beginning balance	\$ 157,285	\$ 157,642	\$ 157,830
Service cost	12,008	8,923	10,352
Interest on the total pension liability	5,077	5,681	4,855
Differences between expected and actual experience in the measurement of the total pension liability	(17,113)	(18,336)	1,661
Changes of assumptions or other inputs	70,041	6,495	(8,677)
Benefit payments	<u>(3,120)</u>	<u>(3,120)</u>	<u>(8,379)</u>
Ending balance of the total pension liability	<u>\$ 224,178</u>	<u>\$ 157,285</u>	<u>\$ 157,642</u>

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

Schedule of Total Pension Liability as a Percentage of Covered Payroll:

Total pension liability	\$ 224,178	\$ 157,285	\$ 157,642
Covered payroll	386,965	303,735	302,192
Total pension liability as a percentage of covered payroll	57.93%	51.78%	52.17%

Notes to the Schedules:

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

Exhibit 12

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<u>2018</u>	<u>2017</u>
\$ 149,061	\$ 139,626
11,033	12,637
5,562	4,924
(13,685)	-
15,813	(4,747)
(9,954)	(3,379)
<u>\$ 157,830</u>	<u>\$ 149,061</u>

\$ 157,830	\$ 149,061
376,867	436,903
41.88%	34.12%

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Other Post-Employment Benefits**  
**Required Supplementary Information**  
**Schedule of Changes in the Total OPEB Liability and Related Ratios**  
**Last Four Fiscal Years**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total OPEB Liability			
Service Cost	\$ 34,075	\$ 26,547	\$ 27,502
Interest	14,899	15,112	13,639
Changes of benefit terms	-	(38,771)	-
Differences between expected and actual experience	(3,817)	18,254	(1,148)
Changes of assumptions	78,276	2,509	(16,293)
Benefit payments	<u>(23,812)</u>	<u>(17,260)</u>	<u>(19,449)</u>
Net change in total OPEB liability	99,621	6,391	4,251
Total OPEB liability - beginning	<u>403,413</u>	<u>397,022</u>	<u>392,771</u>
Total OPEB liability - ending	<u>\$ 503,034</u>	<u>\$ 403,413</u>	<u>\$ 397,022</u>
Covered payroll	\$ 912,175	\$ 912,175	\$ 494,376
Total OPEB liability as a percentage of covered payroll	55.15%	44.23%	80.31%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period:

<u>Fiscal Year</u>	<u>Rate</u>
2021	3.50%
2020	3.50%
2019	3.89%
2018	3.56%

Exhibit 13

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2018

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\$ 29,830  
11,719  
-

(3,264)  
(26,811)  
(15,927)

(4,453)  
397,224  
\$ 392,771

\$ 494,376  
79.45%

**INDIVIDUAL FUND STATEMENTS AND SCHEDULES**

TOWN OF JONESVILLE, NORTH CAROLINA

Schedule 1

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

Page 1 of 3

General Fund

For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Ad valorem taxes:			
Taxes		\$ 970,668	
Penalties and interest		(8,991)	
Total ad valorem taxes	\$ 955,600	961,677	\$ 6,077
Other taxes and licenses:			
Beverage tax distributions		9,372	
Permits and fees		235	
Total other taxes and licenses	10,300	9,607	(693)
Unrestricted intergovernmental:			
Local option sales taxes		562,140	
Utility franchise taxes		159,618	
Video franchise fee		2,023	
Tourism authority reimbursement		36,000	
ABC profit distribution		57,997	
Other reimbursements		20,707	
Total unrestricted intergovernmental	668,560	838,485	169,925
Restricted intergovernmental:			
Powell Bill allocation		68,156	
Total restricted intergovernmental	72,000	68,156	(3,844)
Permits and fees:			
Building, sign and zoning		2,833	
Ticket fees		1,426	
Total permits and fees	3,000	4,259	1,259
Sales and services:			
Garbage collection fees		177,029	
Recreation department fees		825	
Total sales and services	180,700	177,854	(2,846)
Investment earnings	1,500	641	(859)
Miscellaneous	\$ 42,280	\$ 22,161	\$ (20,119)
Total Revenues	1,933,940	2,082,840	148,900

(Continued)

TOWN OF JONESVILLE, NORTH CAROLINA

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

General Fund (Continued)

For the Fiscal Year Ended June 30, 2021

Schedule 1

Page 2 of 3

	Budget	Actual	Variance Positive (Negative)
<b>Expenditures:</b>			
General government:			
Governing body:			
Board member compensation		10,657	
Operating expenses		1,208	
Total	11,910	11,865	45
Administration:			
Salaries and employee benefits		261,168	
Professional services		17,000	
Operating expenses		71,356	
Reimbursement - water and sewer fund		(12,000)	
Utilities reimbursement - Tourism Development Authority		(18,250)	
Total	327,150	319,274	7,876
Public buildings:			
Utilities		23,366	
Operating expenses		23,032	
Total	50,400	46,398	4,002
Non-departmental			
General insurance and bonds		47,474	
Economic development		1,142	
Other expenses		70,690	
Total	137,053	119,306	17,747
Total general government	526,513	496,843	29,670
Public safety:			
Police:			
Salaries and employee benefits		541,659	
Vehicle maintenance		41,095	
Operating expenses		80,023	
Capital outlay		44,023	
Total	766,167	706,800	59,367
Transportation:			
Streets:			
Salaries and employee benefits		207,696	
Street lights		27,906	
Operating expenses		35,675	
Capital outlay		22,227	
Total	298,200	293,504	4,696

(Continued)

TOWN OF JONESVILLE, NORTH CAROLINA

Schedule 1

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

Page 3 of 3

General Fund (Continued)

For the Fiscal Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Expenditures (Continued):</b>			
Streets-Powell Bill:			
Annual paving and patching		127,563	
Total	<u>140,350</u>	<u>127,563</u>	\$ 12,787
Total Transportation:	<u>438,550</u>	<u>421,067</u>	17,483
Environmental protection:			
Solid waste:			
Garbage collection service		142,772	
Recycling user fees		32,806	
Total	<u>178,800</u>	<u>175,578</u>	3,222
Culture and recreation:			
Parks and recreation		7,287	
Capital outlay		43,599	
Total	<u>36,885</u>	<u>50,886</u>	(14,001)
Debt service:			
Principal retirement		55,138	
Interest and other charges		51,228	
Total	<u>95,640</u>	<u>106,366</u>	(10,726)
Total expenditures	<u>2,042,555</u>	<u>1,957,540</u>	85,015
Revenue over (under) expenditures	<u>(108,615)</u>	<u>125,300</u>	233,915
<b>Other financing sources (uses):</b>			
Transfers in from other funds	-	10,799	10,799
Total other financing sources (uses)	<u>-</u>	<u>10,799</u>	10,799
<b>Fund balance appropriated</b>	<u>108,615</u>	<u>-</u>	(108,615)
Net change in fund balance	<u>\$ -</u>	136,099	<u>\$ 136,099</u>
Fund balances, beginning		<u>1,496,861</u>	
Fund balances, ending		<u>\$ 1,632,960</u>	

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2021**

**Schedule 2**

	Police Special Fund	CARES Grant Fund	Total Nonmajor Governmental Funds
<b>Assets</b>			
Current assets:			
Restricted cash and cash equivalents	\$ 22,086	\$ -	22,086
Total assets	<u>\$ 22,086</u>	<u>\$ -</u>	<u>\$ 22,086</u>
<b>Liabilities and Fund Balances</b>			
Liabilities:			
Due to other funds	\$ 20,680	\$ -	\$ 20,680
Total liabilities	<u>20,680</u>	<u>-</u>	<u>20,680</u>
Fund Balances:			
Restricted			
Grant funds	1,406	-	1,406
Total fund balances	<u>1,406</u>	<u>-</u>	<u>1,406</u>
Total liabilities and fund balances	<u>\$ 22,086</u>	<u>\$ -</u>	<u>\$ 22,086</u>

TOWN OF JONESVILLE, NORTH CAROLINA

Schedule 3

Combining Statement of Revenues, Expenditures, and Changes in Fund Balances

Nonmajor Governmental Funds

Year Ended June 30, 2021

	Police Special Fund	CARES Grant Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>			
Restricted intergovernmental	\$ -	\$ 127,232	\$ 127,232
Investment earnings	10	-	10
Other Revenues	9,799	-	9,799
Total revenues	<u>9,809</u>	<u>127,232</u>	<u>137,041</u>
<b>Expenditures:</b>			
Current:			
General government:			
Administration:			
Salaries and employee benefits	-	105,764	105,764
Other operating expenses	-	21,468	21,468
Public safety	1,041	-	1,041
Total expenditures	<u>1,041</u>	<u>127,232</u>	<u>128,273</u>
Net change in fund balances	<u>8,768</u>	<u>-</u>	<u>8,768</u>
Fund balances, beginning	<u>(7,362)</u>	<u>-</u>	<u>(7,362)</u>
Fund balances, ending	<u>\$ 1,406</u>	<u>\$ -</u>	<u>\$ 1,406</u>

TOWN OF JONESVILLE, NORTH CAROLINA

Schedule 4

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

Police Special Fund

For the Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
<b>Revenues:</b>			
Seizure money	\$ -	\$ 9,799	\$ 9,799
Investment earnings	100	10	(90)
Total revenues	<u>100</u>	<u>9,809</u>	<u>9,709</u>
<b>Expenditures:</b>			
Equipment and supplies	<u>1,800</u>	<u>1,041</u>	<u>759</u>
Total expenditures	<u>1,800</u>	<u>1,041</u>	<u>759</u>
<b>Other Financing Sources (Uses):</b>			
Fund balance appropriated	<u>1,700</u>	<u>-</u>	<u>(1,700)</u>
Total other financing sources and uses	<u>1,700</u>	<u>-</u>	<u>(1,700)</u>
Net change in fund balance	<u>\$ -</u>	8,768	<u>\$ 8,768</u>
Fund balances, beginning		<u>(7,362)</u>	
Fund balances, ending		<u>\$ 1,406</u>	

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

CARES Grant Funds

For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
<b>Revenues:</b>			
Grant funds	\$ 127,232	\$ 127,232	\$ -
Total revenues	<u>127,232</u>	<u>127,232</u>	<u>-</u>
 <b>Expenditures:</b>			
General government:			
Administration:			
Salaries and employee benefits	106,232	105,764	468
Other operating expenses	21,000	21,468	(468)
Total expenditures	<u>127,232</u>	<u>127,232</u>	<u>-</u>
 Net change in fund balance	<u>\$ -</u>	-	<u>\$ -</u>
 Fund balances, beginning		<u>-</u>	
 Fund balances, ending		<u>\$ -</u>	

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual (Non-GAAP) - Water Fund**  
**Year Ended June 30, 2021**

**Schedule 7**  
**Page 1 of 2**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Water Sales:			
Residential, commercial and residential		\$ 697,850	
Other operating revenues		<u>229,265</u>	
Total operating revenues	<u>\$ 909,700</u>	<u>927,115</u>	<u>\$ 17,415</u>
Non-Operating Revenues:			
Interest on investments	<u>1,000</u>	<u>347</u>	<u>(653)</u>
Total revenues	<u>910,700</u>	<u>927,462</u>	<u>16,762</u>
<b>Expenditures:</b>			
Water administration	<u>29,450</u>	<u>18,250</u>	<u>11,200</u>
Water treatment and distribution:			
Salaries and employee benefits		318,796	
Chemicals and supplies		90,463	
Maintenance		98,107	
Utility service fees		42,988	
Other departmental expenses		<u>107,751</u>	
Total water treatment and distribution	<u>742,450</u>	<u>658,105</u>	<u>84,345</u>
Debt service:			
Interest costs		66,835	
Principal retirement		<u>51,500</u>	
Total debt service	<u>118,335</u>	<u>118,335</u>	<u>-</u>
Total expenditures	<u>890,235</u>	<u>794,690</u>	<u>95,545</u>
Revenues over (under) expenditures	<u>20,465</u>	<u>132,772</u>	<u>112,307</u>
<b>Other financing sources (uses):</b>			
Sale of equipment	1,000	-	(1,000)
Fund balance appropriated	<u>(21,465)</u>	-	<u>21,465</u>
Total other financing sources (uses)	<u>(20,465)</u>	<u>-</u>	<u>20,465</u>

(Continued)

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Schedule of Revenues, Expenditures, and Changes in Fund Balances -**  
**Budget and Actual (Non-GAAP) - Utility Fund**  
**Year Ended June 30, 2021**

**Schedule 7**  
**Page 2 of 2**

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Transfer to other funds	<u>-</u>	<u>10,799</u>	<u>(10,799)</u>
Revenues and other financing sources over expenditures, other financing uses and transfers	<u>\$ -</u>	<u>\$ 121,973</u>	<u>\$ 121,973</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		51,500	
Capital outlay		270,758	
State grants		176,401	
Capital project fund expenditures		(270,758)	
Depreciation		(164,224)	
Change in receivables and allowance		65,288	
Change in other operating revenue receivables		(668)	
Change in accounts payable and other accruals		8,321	
Change in accrued interest		(1,372)	
Change in accrued vacation		2,427	
Increase in deferred outflows of resources - pension		16,149	
Increase in deferred outflows of resources - OPEB		21,646	
Decrease in deferred inflows of resources - pension		1,024	
Increase in deferred inflows of resources - OPEB		(900)	
Increase in pension liability		(34,236)	
Increase in OPEB liability		(29,886)	
Total reconciling items		<u>111,470</u>	
Change in net position		<u>\$ 233,443</u>	

Schedule of Revenues, Expenditures, and Changes in Fund Balances -  
 Budget and Actual (Non-GAAP) - Capital Projects Fund - CDBG  
 From Inception and Year Ended June 30, 2021

	Project Authorization	Prior Years	Actual Current Year	Total
<b>Revenues:</b>				
Restricted intergovernmental:				
State grants	\$ 2,156,200	\$ 197,007	\$ 176,401	\$ 373,408
Total revenues	<u>2,156,200</u>	<u>197,007</u>	<u>176,401</u>	<u>373,408</u>
<b>Expenditures:</b>				
Capital outlay	2,156,200	183,607	270,758	454,365
Total expenditures	<u>2,156,200</u>	<u>183,607</u>	<u>270,758</u>	<u>454,365</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 13,400</u>	<u>\$ (94,357)</u>	<u>\$ (80,957)</u>

## **OTHER SCHEDULES**

TOWN OF JONESVILLE, NORTH CAROLINA

Schedule 1

General Fund

Schedule of Ad Valorem Taxes Receivable

June 30, 2021

Fiscal Year	Uncollected Balance July 1, 2020	Additions	Collections, and Credits	Uncollected Balance June 30, 2021
2020-2021	\$ -	\$ 979,106	\$ 924,165	\$ 54,941
2019-2020	29,508	-	2,373	27,135
2018-2019	15,273	-	1,995	13,278
2017-2018	6,971	-	(2,146)	9,117
2016-2017	3,108	-	(3,535)	6,643
2015-2016	1,431	-	(3,000)	4,431
2014-2015	930	-	(1,989)	2,919
2013-2014	2,373	-	360	2,013
2012-2013	3,388	-	1,508	1,880
2011-2012	3,184	-	2,734	450
2010-2011	2,712	-	2,275	437
Prior to 2010	12,892	-	12,892	-
Total	\$ 81,770	\$ 979,106	\$ 937,632	123,244
Less: allowance for uncollectible ad valorem taxes receivable				12,325
Ad valorem taxes receivable - net				110,919
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - general fund				978,212
Reconciling items:				
Service fee				6,118
Taxes written off				(39,154)
Penalties and interest				(7,544)
Total collections and credits				\$ 937,632

**TOWN OF JONESVILLE, NORTH CAROLINA**  
**Analysis of Current Year Tax Levy**  
**Town-Wide Levy**  
**For the Fiscal Year Ended June 30, 2021**

**Schedule 2**

	Property Valuation (in Thousand)	Town-wide Rate	Total Levy	Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxes at current year rate	\$ 195,692,148	0.50	\$ 978,464	\$ 836,002	\$ 142,462
Total	<u>195,692,148</u>		<u>978,464</u>	<u>836,002</u>	<u>142,462</u>
Discoveries:					
Current and prior years	<u>580,340</u>	<u>0.11</u>	<u>642</u>	<u>642</u>	<u>-</u>
Total property value	<u>\$ 196,272,488</u>				
Net levy			<u>979,106</u>	<u>836,644</u>	<u>142,462</u>
Uncollected taxes at June 30, 2021			<u>54,941</u>	<u>54,941</u>	<u>-</u>
Current year's taxes collected			<u>\$ 924,165</u>	<u>\$ 781,703</u>	<u>\$ 142,462</u>
Current levy collection percentage			<u>94.39%</u>	<u>93.43%</u>	<u>100.00%</u>

## **COMPLIANCE SECTION**



**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  
Town of Jonesville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial statement audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, and each major fund, and the aggregated remaining fund information of the Town of Jonesville, North Carolina (the "Town") as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated March 16, 2022.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

### 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 Town'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 Town's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Bernard Robinson & Company, L.L.P.*

Greensboro, North Carolina  
March 16, 2022