

TOWN OF JONESVILLE, NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2022



Town Council Members

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

Administrative and Financial Staff

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

TOWN OF JONESVILLE, NORTH CAROLINA
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Independent Auditor's Report

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

Opinions

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

In our opinion, 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, 2022, 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.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town of Jonesville, North Carolina and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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.

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

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

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

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 11; the Local Government Employees' Retirement System - Schedules of the Proportionate Share of the Net Pension Liability, and Contributions on page 53, 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 54; and the Other Post-Employment Benefits - Schedule of Changes in the Total OPEB Liability and Related Ratios on page 55, 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 December 8, 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
December 8, 2022

Management's Discussion and Analysis

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, 2022. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

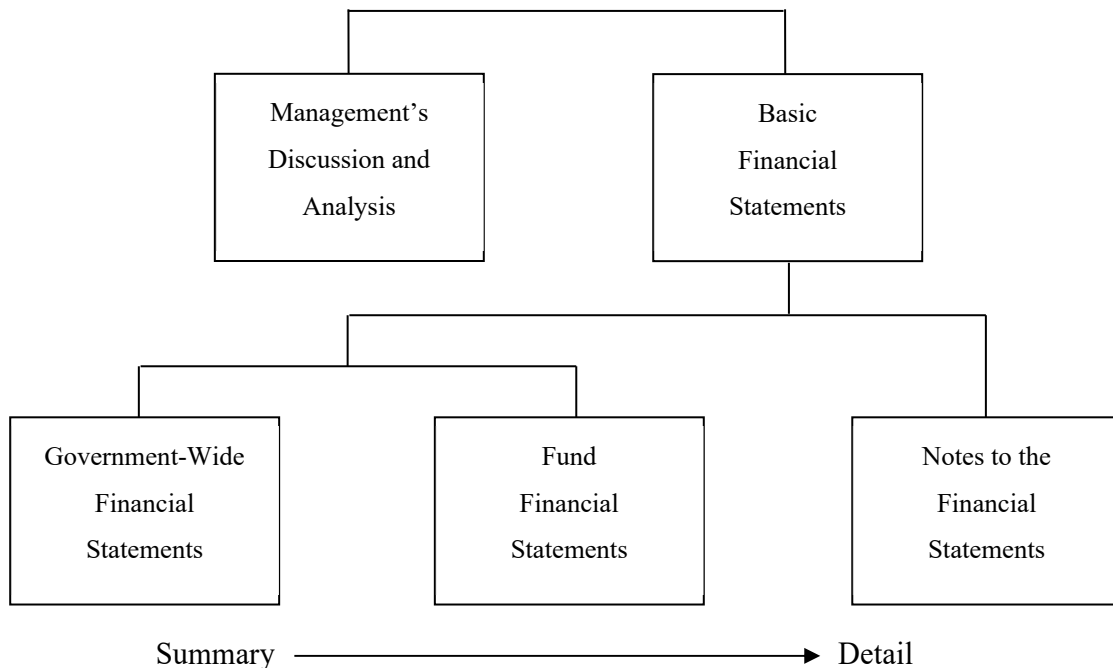
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,620,130 (net position).
- The government's total net position increased by \$1,584,004 primarily due to grants received for capital projects in the AIA/CDBG fund.
- As of the close of the current fiscal year, the Town's total governmental funds reported combined ending fund balances of \$1,661,315 with a net change of \$26,949 in fund balance. Approximately 26% of this total amount or \$527,979 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,133,336, or approximately 53% 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

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

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	
	2022	2021	2022	2021	2022	2021
Assets:						
Current and other assets	\$ 2,180,277	\$ 1,762,752	\$ 1,155,927	\$ 1,035,016	\$ 3,336,204	\$ 2,797,768
Right of use assets	295,811	-	50,987	-	346,798	-
Capital assets	3,069,208	3,044,684	7,166,929	5,941,727	10,236,137	8,986,411
Deferred outflows of resources	386,259	373,791	93,385	86,343	479,644	460,134
Total assets	5,931,555	5,181,227	8,467,228	7,063,086	14,398,783	12,244,313
Liabilities:						
Current liabilities	495,399	62,084	354,634	351,356	850,033	413,440
Long-term liabilities	2,059,525	2,160,125	2,446,848	2,557,109	4,506,373	4,717,234
Deferred inflows of resources	342,649	66,473	79,598	11,040	422,247	77,513
Total liabilities	2,897,573	2,288,682	2,881,080	2,919,505	5,778,653	5,208,187
Net Position:						
Net invested in capital assets	1,974,044	3,044,684	4,897,389	3,812,238	6,871,433	6,856,922
Restricted	527,979	455,042	-	-	527,979	455,042
Unrestricted	531,959	(607,181)	688,759	331,343	1,220,718	(275,838)
Total net position	\$ 3,033,982	\$ 2,892,545	\$ 5,586,148	\$ 4,143,581	\$ 8,620,130	\$ 7,036,126

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 \$8,620,130 as of June 30, 2022. The Town net position increased by \$1,584,004 for the fiscal year ended June 30, 2022. However, the largest portion, 80%, 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, \$527,979, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,220,718 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 97%.
- Water fund charges for services decreased approximately 6.0% while related expenses increased approximately 5.0%. This change was due partly to the repair of the water plant clearwell tank; replacement/upgrades to chemical pumps; VFD, electrical and Scada control upgrades to pump station; upgrade of meters to AMR including 2" and 3" commercial meters. These repairs, replacements and upgrades are crucial to the water utility system.

Management's Discussion and Analysis

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

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 187,656	\$ 180,687	\$ 928,155	\$ 991,735	\$ 1,115,811	\$ 1,172,422
Operating grants and contributions	343,909	195,388	-	-	343,909	195,388
Capital grants and contributions	-	-	1,482,949	176,401	1,482,949	176,401
General revenues:						
Property taxes	976,292	986,566	-	-	976,292	986,566
Other taxes	9,362	9,607	-	-	9,362	9,607
Unrestricted intergovernmental	823,937	838,485	966	347	824,903	838,832
Other	94,728	34,037	-	-	94,728	34,037
Total revenues	<u>2,435,884</u>	<u>2,244,770</u>	<u>2,412,070</u>	<u>1,168,483</u>	<u>4,847,954</u>	<u>3,413,253</u>
Expenses:						
General government	815,387	692,669	-	-	815,387	692,669
Public safety	850,234	779,145	-	-	850,234	779,145
Transportation	331,888	438,974	-	-	331,888	438,974
Environmental protection	184,941	175,578	-	-	184,941	175,578
Cultural and recreation	59,900	25,458	-	-	59,900	25,458
Interest on long-term debt	57,302	51,968	-	-	57,302	51,968
Water and sewer	-	-	964,298	924,241	964,298	924,241
Total expenses	<u>2,299,652</u>	<u>2,163,792</u>	<u>964,298</u>	<u>924,241</u>	<u>3,263,950</u>	<u>3,088,033</u>
Increase in net position before transfers	<u>136,232</u>	<u>80,978</u>	<u>1,447,772</u>	<u>244,242</u>	<u>1,584,004</u>	<u>325,220</u>
Transfers	<u>5,205</u>	<u>10,799</u>	<u>(5,205)</u>	<u>(10,799)</u>	<u>-</u>	<u>-</u>
Increase in net position	<u>141,437</u>	<u>91,777</u>	<u>1,442,567</u>	<u>233,443</u>	<u>1,584,004</u>	<u>325,220</u>
Net position, July 1,	2,892,545	2,800,768	4,143,581	3,910,138	7,036,126	6,710,906
Net position, June 30,	<u>\$ 3,033,982</u>	<u>\$ 2,892,545</u>	<u>\$ 5,586,148</u>	<u>\$ 4,143,581</u>	<u>\$ 8,620,130</u>	<u>\$ 7,036,126</u>

Governmental Activities - Governmental activities increased the Town's net position by \$141,437. The key element of this increase was an increase in operating grants and contributions.

Business-Type Activities - Business-type activities increased the Town's net position by \$1,442,567. The key element of this increase was a capital grant.

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, North Carolina. At the end of the current fiscal year, fund balance available in the General Fund was \$1,133,336, while the total fund balance reached \$1,660,524. The Town currently has an available fund balance of 53% of General Fund expenditures, while total fund balance represents 77% of the same amount.

At June 30, 2022, the governmental funds of the Town of Jonesville, North Carolina reported a combined fund balance of \$1,661,315 with a net increase of \$26,949.

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 \$688,759. The total change in net position for the utility fund was an increase of \$1,442,567 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, 2022, totals \$10,236,137 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, leasehold improvements, and vehicles.

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

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,281,008	\$ 1,281,008	\$ 72,530	\$ 72,530	\$ 1,353,538	\$ 1,353,538
Construction in progress	-	41,800	1,842,985	454,365	1,842,985	496,165
Buildings/Plant	1,536,558	1,490,750	1,409,757	1,480,966	2,946,315	2,971,716
Infrastructure	-	-	3,841,657	3,933,866	3,841,657	3,933,866
Equipment	105,900	79,477	-	-	105,900	79,477
Vehicles and motorized equipment	89,094	151,649	-	-	89,094	151,649
Leasehold improvements	56,648	-	-	-	56,648	-
Total	\$ 3,069,208	\$ 3,044,684	\$ 7,166,929	\$ 5,941,727	\$ 10,236,137	\$ 8,986,411

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, 2022, the Town had total debt outstanding of \$4,633,321.

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

	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
	Construction loan	\$ 1,108,041	\$ 1,130,766	\$ -	\$ -	\$ 1,108,041
Installment purchase	-	10,005	-	-	-	10,005
General obligation bonds	-	-	49,000	56,500	49,000	56,500
Revenue bonds	-	-	2,225,000	2,270,000	2,225,000	2,270,000
Lease liabilities	282,934	-	46,527	-	329,461	-
OPEB	281,726	352,124	120,740	150,910	402,466	503,034
Pension related liability (LGERS)	172,744	424,237	43,186	106,059	215,930	530,296
Pension related liability (LEO)	255,931	224,178	-	-	255,931	224,178
Compensated absences	55,009	63,432	31,218	29,503	86,227	92,935
Total	\$ 2,156,385	\$ 2,204,742	\$ 2,515,671	\$ 2,612,972	\$ 4,672,056	\$ 4,817,714

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, 2022, 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.

- The Town continues to move toward a new normal after the COVID pandemic.
- Commercial and residential real estate remained strong throughout the fiscal year however, a slowdown in the market is being seen.
- State revenues disbursed to the Town remained steady. Sales tax income reflected an increase during certain months.
- An increase in accommodation taxes from previous year has continued.

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

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities – The Town Council approved \$2,437,050 annual budget for fiscal year 2023, an increase of 16.28% over the original approved fiscal year 2022 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. The Town has been approved for funding through the Rural Transformation Grant in the amount of \$900,000, to provide for renovation and expansion of Town owned property housing the Jonesville Public Library.

Business-Type Activities – The Town Council approved \$972,940 annual budget for fiscal year 2023, a -1.77% decrease from the original approved fiscal year 2022 budget. Town Council voted to not increase water rates due to customers continuing to deal with financial hardships caused by the pandemic. The previously awarded Asset Inventory Grant project and CDBG-I grant project replacing waterlines along specified streets are both scheduled for completion during fiscal year 2023. The Town was awarded the following grants scheduled to begin administration during fiscal year 2023:

- Asset Inventory Assessment grant in the amount of \$150,000 which will be used to locate approximately 10 miles of waterlines and assess their condition for future maintenance.
- CDBG-CV grant in the amount of \$292,444 to provide support and equipment to public used facilities in response to the COVID pandemic.
- Viable Utilities grant in the amount of \$6,946,300 for replacement of specified waterlines and AMR water meters.
- Viable Utilities grant in the amount of \$8,015,200 for replacement of Town's water plant clear well and filters.

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, or send an email to wthompson@townofjonesvillenc.com for more information.

BASIC FINANCIAL STATEMENTS

TOWN OF JONESVILLE, NORTH CAROLINA
Statement of Net Position
June 30, 2022

Exhibit 1
Page 1 of 2

	Primary Government			Jonesville Tourism Development Authority
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,161,016	\$ 716,449	\$ 1,877,465	\$ 450,991
Cash and cash equivalents-restricted	458,073	23,151	481,224	-
Taxes receivables, net	118,081	-	118,081	-
Accounts receivable, net	224,683	429,561	654,244	41,501
Due from other governments	151,331	7,985	159,316	-
Due from other component units	4,342	-	4,342	(4,342)
Internal balances	62,751	(62,751)	-	-
Inventories	-	41,532	41,532	-
Total current assets	<u>2,180,277</u>	<u>1,155,927</u>	<u>3,336,204</u>	<u>488,150</u>
Non Current Assets:				
Right of use asset:				
Leased vehicles, net of amortization	<u>295,811</u>	<u>50,987</u>	<u>346,798</u>	<u>-</u>
Capital assets:				
Land, improvements, and construction in progress	1,281,008	1,915,515	3,196,523	-
Other capital assets, net of depreciation	<u>1,788,200</u>	<u>5,251,414</u>	<u>7,039,614</u>	<u>24,287</u>
Total capital assets	<u>3,069,208</u>	<u>7,166,929</u>	<u>10,236,137</u>	<u>24,287</u>
Total assets	<u>5,545,296</u>	<u>8,373,843</u>	<u>13,919,139</u>	<u>512,437</u>
Deferred Outflows of Resources				
Other post employment benefit deferrals	60,785	26,050	86,835	-
Pension deferrals	<u>325,474</u>	<u>67,335</u>	<u>392,809</u>	<u>-</u>
	<u>386,259</u>	<u>93,385</u>	<u>479,644</u>	<u>-</u>

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

TOWN OF JONESVILLE, NORTH CAROLINA
Statement of Net Position (Continued)
June 30, 2022

Exhibit 1
Page 2 of 2

	Primary Government			Jonesville Tourism Development Authority
	Governmental Activities	Business-Type Activities	Total	
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 45,582	\$ 262,661	\$ 308,243	\$ 216
Customer deposits	-	23,151	23,151	-
Liabilities to be paid from restricted cash	352,957	-	352,957	-
Current portion of long-term liabilities	96,860	68,822	165,682	-
Total current liabilities	<u>495,399</u>	<u>354,634</u>	<u>850,033</u>	<u>216</u>
Long-term liabilities:				
Net pension liability	172,744	43,186	215,930	-
Total pension liability	255,931	-	255,931	-
Total OPEB liability	281,726	120,740	402,466	-
Due in more than one year	1,349,124	2,282,922	3,632,046	-
Total liabilities	<u>2,554,924</u>	<u>2,801,482</u>	<u>5,356,406</u>	<u>216</u>
Deferred Inflows of Resources				
Other post employment benefit deferrals	31,660	13,569	45,229	-
Pension deferrals	310,989	66,029	377,018	-
Total deferred inflows of resources	<u>342,649</u>	<u>79,598</u>	<u>422,247</u>	<u>-</u>
Net Position				
Net investment in capital assets	1,974,044	4,897,389	6,871,433	24,287
Restricted for:				
Stabilization by State Statute	486,999	-	486,999	41,501
Streets	40,189	-	40,189	-
Grants	791	-	791	-
Unrestricted	531,959	688,759	1,220,718	446,433
Total net position	<u>\$ 3,033,982</u>	<u>\$ 5,586,148</u>	<u>\$ 8,620,130</u>	<u>\$ 512,221</u>

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, 2022

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position			Jonesville Tourism Development Authority
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 815,387	\$ -	\$ 262,293	\$ -	\$ (553,094)	\$ -	\$ (553,094)	\$ -
Public safety	331,888	-	81,616	-	(250,272)	-	(250,272)	-
Transportation	850,234	2,855	-	-	(847,379)	-	(847,379)	-
Environmental protection	184,941	183,926	-	-	(1,015)	-	(1,015)	-
Cultural and recreation	59,900	875	-	-	(59,025)	-	(59,025)	-
Interest on long-term debt	57,302	-	-	-	(57,302)	-	(57,302)	-
Total governmental activities	<u>2,299,652</u>	<u>187,656</u>	<u>343,909</u>	<u>-</u>	<u>(1,768,087)</u>	<u>-</u>	<u>(1,768,087)</u>	<u>-</u>
Business-type activities:								
Water & Sewer fund	964,298	928,155	-	1,482,949	-	1,446,806	1,446,806	-
Total business-type activities	<u>964,298</u>	<u>928,155</u>	<u>-</u>	<u>1,482,949</u>	<u>-</u>	<u>1,446,806</u>	<u>1,446,806</u>	<u>-</u>
Total primary government	<u>\$ 3,263,950</u>	<u>\$ 1,115,811</u>	<u>\$ 343,909</u>	<u>\$ 1,482,949</u>	<u>(1,768,087)</u>	<u>1,446,806</u>	<u>(321,281)</u>	<u>-</u>
Component unit:								
Tourism Development Authority	325,383	-	-	-	-	-	-	(325,383)
Total component unit	<u>325,383</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(325,383)</u>
General Revenues:								
Taxes:								
Property taxes, levied for general purposes					976,292	-	976,292	-
Other taxes and licenses					9,362	-	9,362	-
Unrestricted intergovernmental					823,937	-	823,937	-
Occupancy tax					-	-	-	448,641
Unrestricted investment earnings					1,991	966	2,957	503
Miscellaneous					92,737	-	92,737	-
Transfers					5,205	(5,205)	-	-
Total general revenues, special items, and transfers					<u>1,909,524</u>	<u>(4,239)</u>	<u>1,905,285</u>	<u>449,144</u>
Change in net position					141,437	1,442,567	1,584,004	123,761
Net position - beginning					2,892,545	4,143,581	7,036,126	388,460
Net position - ending					<u>\$ 3,033,982</u>	<u>\$ 5,586,148</u>	<u>\$ 8,620,130</u>	<u>\$ 512,221</u>

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

Balance Sheet
Governmental Funds
June 30, 2022

	General Fund	ARPA Funds	Other Governmental Funds	Total Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,161,016	\$ -	\$ -	\$ 1,161,016
Restricted cash and cash equivalents	40,189	352,957	64,927	458,073
Receivable, net:				
Taxes	118,081	-	-	118,081
Accounts	35,515	-	189,168	224,683
Due from other governments	151,331	-	-	151,331
Due from other funds	298,153	-	-	298,153
Due from component unit	4,342	-	-	4,342
Total assets	<u>\$ 1,808,627</u>	<u>\$ 352,957</u>	<u>\$ 254,095</u>	<u>\$ 2,415,679</u>
Liabilities				
Accounts payable and accrued liabilities	\$ 27,680	\$ -	\$ 17,902	\$ 45,582
Unearned revenue	-	352,957	-	352,957
Due to other funds	-	-	235,402	235,402
Total liabilities	<u>27,680</u>	<u>352,957</u>	<u>253,304</u>	<u>633,941</u>
Deferred Inflow of Resources	<u>120,423</u>	<u>-</u>	<u>-</u>	<u>120,423</u>
Fund Balances				
Restricted for:				
Stabilization by State Statute	486,999	-	-	486,999
Streets	40,189	-	-	40,189
Grant funds	-	-	791	791
Unassigned	1,133,336	-	-	1,133,336
Total fund balances	<u>1,660,524</u>	<u>-</u>	<u>791</u>	<u>\$ 1,661,315</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,808,627</u>	<u>\$ 352,957</u>	<u>\$ 254,095</u>	

TOWN OF JONESVILLE, NORTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
Governmental Funds
June 30, 2022

Exhibit 4

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

Total fund balance		\$ 1,661,315
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets	4,716,305	
Less: accumulated depreciation	<u>1,647,097</u>	3,069,208
Right of use assets used in government activities are not financial resources and therefore are not reported in the funds:		
Gross right of use assets	339,829	
Less: accumulated amortization	<u>44,018</u>	295,811
Deferred outflows of resources related to pensions are not reported in the funds		325,474
Deferred outflows of resources related to OPEB are not reported in the funds		60,785
Earned revenues considered deferred inflows of resources for fund statements		120,423
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:		
Gross long-term debt	(1,390,975)	
Net pension liability	(172,744)	
Total pension liability	(255,931)	
OPEB liability	<u>(281,726)</u>	(2,101,376)
Deferred inflows of resources related to pensions are not reported in the funds		(31,660)
Deferred inflows of resources related to OPEB are not reported in the funds		(310,989)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		<u>(55,009)</u>
Net position of governmental activities		<u>\$ 3,033,982</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, 2022

Exhibit 5

	General Fund	ARPA Fund	Other Governmental Funds	Total Governmental Funds
Revenues:				
Ad valorem taxes	\$ 976,292	\$ -	\$ -	\$ 976,292
Other taxes and licenses	9,362	-	-	9,362
Unrestricted intergovernmental	823,937	-	-	823,937
Restricted intergovernmental	81,616	-	262,293	343,909
Permits and fees	2,855	-	-	2,855
Sales and services	184,801	-	-	184,801
Investment earnings	1,968	-	23	1,991
Other revenues	92,737	-	-	92,737
Total revenues	<u>2,173,568</u>	<u>-</u>	<u>262,316</u>	<u>2,435,884</u>
Expenditures:				
Current:				
General government	613,426	-	262,293	875,719
Public safety	844,406	-	638	845,044
Transportation	321,282	-	-	321,282
Environmental protection	184,941	-	-	184,941
Cultural and recreation	58,944	-	-	58,944
Debt service:				
Principal	78,322	-	-	78,322
Interest on other charges	49,888	-	-	49,888
Total expenditures	<u>2,151,209</u>	<u>-</u>	<u>262,931</u>	<u>2,414,140</u>
Revenues over (under) expenditures	<u>22,359</u>	<u>-</u>	<u>(615)</u>	<u>21,744</u>
Other Financing Sources (Uses):				
Transfers in from other funds	5,205	-	-	5,205
Total other financing sources	<u>5,205</u>	<u>-</u>	<u>-</u>	<u>5,205</u>
Net change in fund balances	<u>27,564</u>	<u>-</u>	<u>(615)</u>	<u>26,949</u>
Fund balances, beginning	<u>1,632,960</u>	<u>-</u>	<u>1,406</u>	<u>1,634,366</u>
Fund balances, ending	<u>\$ 1,660,524</u>	<u>\$ -</u>	<u>\$ 791</u>	<u>\$ 1,661,315</u>

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

TOWN OF JONESVILLE, NORTH CAROLINA
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, 2022

Exhibit 6

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

Net change in fund balances - total governmental funds	\$ 26,949
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.	20,614
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	94,200
Benefit payments paid and administrative expense for the law enforcement officers' special separation allowance are not included on the Statement of Activities	14,408
Other post employment benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	7,343
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	70,908
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds:	
Compensated absences	(3,464)
Pension expense	(71,349)
OPEB plan expense	(18,172)
Total changes in net position of governmental activities	<u>\$ 141,437</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, 2022

Exhibit 7

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Ad valorem taxes	\$ 970,600	\$ 970,600	\$ 976,292	\$ 5,692
Other taxes and licenses	10,250	10,250	9,362	(888)
Unrestricted intergovernmental	703,700	703,700	823,937	120,237
Restricted intergovernmental	68,200	168,200	81,616	(86,584)
Permits and fees	4,600	4,600	2,855	(1,745)
Sales and services	184,300	184,300	184,801	501
Investment earnings	700	700	1,968	1,268
Other revenue	58,100	71,600	92,737	21,137
Total revenues	<u>2,000,450</u>	<u>2,113,950</u>	<u>2,173,568</u>	<u>59,618</u>
Expenditures				
Current:				
General government	509,800	612,910	613,426	(516)
Public safety	820,400	865,800	844,406	21,394
Transportation	380,350	404,160	321,282	82,878
Environmental protection	184,200	185,050	184,941	109
Cultural and recreation	30,350	60,410	58,944	1,466
Debt service:				
Principal retirement	82,550	74,550	78,322	(3,772)
Interest and other charges	49,500	49,500	49,888	(388)
Total expenditures	<u>2,057,150</u>	<u>2,252,380</u>	<u>2,151,209</u>	<u>101,171</u>
Revenues over (under) expenditures	<u>(56,700)</u>	<u>(138,430)</u>	<u>22,359</u>	<u>160,789</u>
Other Financing Sources (Uses)				
Transfers in from other funds	-	-	5,205	5,205
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>5,205</u>	<u>5,205</u>
Fund balance appropriated	<u>56,700</u>	<u>138,430</u>	<u>-</u>	<u>(138,430)</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>27,564</u>	<u>\$ 27,564</u>
Fund balances, beginning			<u>1,632,960</u>	
Fund balances, ending			<u>\$ 1,660,524</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, 2022

Exhibit 8

	Business-Type Activities
	Enterprise Funds
	Water Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 716,449
Accounts receivable, net - billed	155,853
Accounts receivable, net - unbilled	50,728
Other accounts receivable	222,980
Due from Yadkin Valley Sewer Authority	7,985
Inventories	41,532
Restricted cash and cash equivalents	23,151
Total current assets	<u>1,218,678</u>
Non-current assets:	
Right of use asset, net of amortization	<u>50,987</u>
Capital assets:	
Land and other non-depreciable assets	1,915,515
Other capital assets, net of depreciation	5,251,414
Total capital assets	<u>7,166,929</u>
Total assets	<u>8,436,594</u>
Deferred Outflows of Resources	
Other post employment benefit deferrals	26,050
Pension deferrals	67,335
Total deferred outflows of resources	<u>93,385</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	262,661
General obligation bonds payable - current	8,000
Revenue bonds payable - current	46,000
Lease liabilities - current	9,503
Compensated absences - current	5,319
Due to other funds	62,751
Liabilities payable from restricted assets:	
Customer deposits	23,151
Total current liabilities	<u>417,385</u>
Noncurrent liabilities:	
Compensated absences	25,898
General obligation bonds	49,000
Revenue bonds	2,171,000
Lease liabilities	37,024
Net pension liability	43,186
Total OPEB liability	120,740
Total liabilities	<u>2,864,233</u>
Deferred Inflows of Resources	
Other post employment benefit deferrals	13,569
Pension deferrals	66,029
Total deferred inflows of resources	<u>79,598</u>
Net Position	
Net investment in capital assets	4,897,389
Unrestricted	688,759
Total net position	<u>\$ 5,586,148</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, 2022

Exhibit 9

	Business-Type Activities
	<u>Enterprise Funds</u>
	<u>Water Fund</u>
Operating revenues:	
Charges for services	\$ 761,308
Other operating revenues	166,847
Total operating revenues	<u>928,155</u>
Operating expenses:	
Administration	22,256
Water treatment and distribution	713,229
Depreciation and amortization	165,175
Total operating expenses	<u>900,660</u>
Operating income	<u>27,495</u>
Non-operating revenues (expenses):	
Investment earnings	966
Interest on long-term debt	(63,638)
Total non-operating revenues (expenses)	<u>(62,672)</u>
Net gain before contributions and transfers	(35,177)
Capital contribution	1,482,949
Transfers to other funds	(5,205)
Change in net fund position	1,442,567
Total net position - beginning	<u>4,143,581</u>
Total net position, ending	<u>\$ 5,586,148</u>

TOWN OF JONESVILLE, NORTH CAROLINA
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2022

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	\$ 845,873
Cash paid for goods and services	(400,044)
Cash paid to or on behalf of employees for services	(377,135)
Net cash provided by operating activities	<u>68,694</u>
Cash flows from noncapital financing activities:	
Decrease in due to other funds	(189,518)
decrease in due from other governments	117,015
Transfers from (to) other funds	(5,205)
Total cash flows used in noncapital financing activities	<u>(77,708)</u>
Cash flows from capital and related financing activities:	
Acquisition of right of use assets	(52,745)
Acquisition and construction of capital assets	94,329
Principal paid on bond maturities and notes payable	(5,973)
Interest paid on bond maturities and notes payable	(63,638)
Net cash used in capital and related financing activities	<u>(28,027)</u>
Cash flows from investing activities:	
Interest on investments	966
Net cash provided by investing activities	<u>966</u>
Net decrease in cash and cash equivalents	(36,075)
Balances, beginning	<u>775,675</u>
Balances, ending	<u>\$ 739,600</u>

(Continued)

TOWN OF JONESVILLE, NORTH CAROLINA
Statement of Cash Flows (Continued)
Proprietary Fund
Year Ended June 30, 2022

Exhibit 10

	Business-Type Activities
	<u>Enterprise Funds</u>
	Water Fund
Operating income	<u>\$ 27,495</u>
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	163,418
Amortization	1,758
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(84,483)
Deferred outflows of resources-pensions and OPEB	(7,042)
Increase (decrease) in:	
Accounts payable and accrued liabilities	(11,882)
Customer deposits	2,201
Deferred inflows of resources-pensions and OPEB	68,558
Pensions and OPEB liabilities	(93,043)
Accrued vacation	1,714
Total adjustments	<u>41,199</u>
Net cash provided by operating activities	<u>\$ 68,694</u>

TOWN OF JONESVILLE, NORTH CAROLINA

Notes to Financial Statements

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 financial 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

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

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

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, 2022, consists of the following:

Governmental Activities	
General Fund:	
Streets	\$ 40,189
ARPA Funds:	
ARPA grant	352,957
Police Special Fund:	
Drug funds	17,945
CARES Grant Fund:	
CARES grant	25
FEMA Assistance Fund:	
FEMA grant	46,957
Total governmental activities	<u>\$ 458,073</u>
Business-Type Activities	
Water Fund:	
Customer deposits	\$ 23,151
Total business-type activities	<u>\$ 23,151</u>
Total restricted cash	<u>\$ 481,224</u>

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

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 6th. These taxes are based on the assessed values as of January 1, 2021.

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

Right to use assets

The City has recorded right to use lease assets as a result of implementing GASB 87. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2022 fiscal year. In addition to liabilities the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the 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.

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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, North Carolina 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

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, 2022, the Town's deposits had a carrying amount of \$2,357,689 and a bank balance of \$2,296,032. 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, 2022, the Town's petty cash fund totaled \$1,000.

The carrying amount of deposits for the Tourism Authority was \$450,991 and the bank balance was \$490,900. Of the bank balance \$435,398 was covered by the federal depository insurance.

At June 30, 2022, the Town had \$21,723 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, 2022 are net of the following allowances for doubtful accounts:

General Fund - taxes receivable	\$ 13,778
Enterprise Fund - accounts receivable	<u>17,000</u>
Total allowance for doubtful accounts	<u><u>\$ 30,778</u></u>

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>Ending Balances</u>
Governmental Activities:					
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>1,322,808</u>	<u>-</u>	<u>-</u>	<u>(41,800)</u>	<u>1,281,008</u>
Capital assets being depreciated:					
Buildings and improvements	2,358,577	111,631	-	-	2,470,208
Equipment	417,219	6,142	6,050	41,800	459,111
Vehicles	683,947	-	244,058	-	439,889
Leasehold improvements	-	66,089	-	-	66,089
Total capital assets being depreciated	<u>3,459,743</u>	<u>183,862</u>	<u>250,108</u>	<u>41,800</u>	<u>3,435,297</u>
Less accumulated depreciation for:					
Buildings and improvements	867,827	65,823	-	-	933,650
Equipment	337,742	15,469	-	-	353,211
Vehicles	532,298	42,847	224,350	-	350,795
Leasehold improvements	-	9,441	-	-	9,441
Total accumulated depreciation	<u>1,737,867</u>	<u>133,580</u>	<u>224,350</u>	<u>-</u>	<u>1,647,097</u>
Total capital assets being depreciated, net	<u>1,721,876</u>				<u>1,788,200</u>
Government activity capital assets, net	<u>\$ 3,044,684</u>				<u>\$ 3,069,208</u>

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

Governmental Activities:	
General government	\$ 41,877
Public safety	55,904
Public works	17,688
Cultural and recreational	18,111
Total depreciation expense	<u>\$ 133,580</u>

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

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
Water Fund:					
Capital assets not being depreciated:					
Land	\$ 72,530	\$ -	\$ -	\$ -	\$ 72,530
Construction in progress	454,365	1,388,620	-	-	1,842,985
Total capital assets not being depreciated	<u>526,895</u>	<u>1,388,620</u>	<u>-</u>	<u>-</u>	<u>1,915,515</u>
Capital assets being depreciated:					
Plant and equipment	3,561,024	-	-	-	3,561,024
Water plant	4,673,211	-	-	-	4,673,211
Total capital assets being depreciated	<u>8,234,235</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,234,235</u>
Less accumulated depreciation for:					
Plant and equipment	2,080,059	71,208	-	-	2,151,267
Water plant	739,345	92,209	-	-	831,554
Total accumulated depreciation	<u>2,819,404</u>	<u>163,417</u>	<u>-</u>	<u>-</u>	<u>2,982,821</u>
Total capital assets being depreciated, net	<u>5,414,831</u>				<u>5,251,414</u>
Water fund capital assets, net	<u>\$ 5,941,726</u>				<u>\$ 7,166,929</u>

Discretely presented component unit

Activity for the Tourism Development Authority for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities:				
Capital assets being depreciated:				
Equipment	\$ 86,390	\$ -	\$ -	\$ 86,390
Total capital assets being depreciated	<u>86,390</u>	<u>-</u>	<u>-</u>	<u>86,390</u>
Less accumulated depreciation for:				
Equipment	60,134	1,969	-	62,103
Total accumulated depreciation	<u>60,134</u>	<u>1,969</u>	<u>-</u>	<u>62,103</u>
Government activity capital assets, net	<u>\$ 26,256</u>			<u>\$ 24,287</u>

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Right of Use Assets

The City has recorded several right of use assets. The assets are right of use assets for leased vehicles. The related leases are discussed in the Leases subsection of the Liabilities section of this note. The right of use assets are amortized on a straight-line basis over the terms of the related leases.

Right of use asset activity for the Primary Government for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities:					
Right of use assets					
Leased vehicles	\$ -	\$ 339,829	\$ -	\$ -	\$ 339,829
Total right of use assets	-	339,829	-	-	339,829
Less accumulated amortization for:					
Leased vehicles	-	44,018	-	-	44,018
Total accumulated amortization	-	44,018	-	-	44,018
Total right of use asset, net	\$ -				\$ 295,811

Right of use asset activity for the Business-Type Activities for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Water Fund:					
Right of use assets					
Leased vehicles	\$ -	\$ 52,745	\$ -	\$ -	\$ 52,745
Total right of use assets	-	52,745	-	-	52,745
Less accumulated amortization for:					
Leased vehicles	-	1,758	-	-	1,758
Total accumulated amortization	-	1,758	-	-	1,758
Total right of use asset, net	\$ -				\$ 50,987

B. Liabilities

Long Term Obligations

Leases

The Town has entered into agreements to lease certain vehicles. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

TOWN OF JONESVILLE, NORTH CAROLINA

Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

The first agreement was executed on September 20, 2021, to lease police vehicles and requires 60 monthly payments of \$1,470. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.64%, which is the stated rate in the lease agreement. As a result of the lease, the Town has recorded a right of use asset with a net book value of \$72,640 at June 30, 2022. The right to use asset is discussed in more detail in the right of use asset section. of this note.

The second agreement was executed on November 20, 2021, to lease police vehicles and requires 60 monthly payments of \$3,644. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.8%, which is the stated rate in the lease agreement. As a result of the lease, the Town has recorded a right of use asset with a net book value of \$182,590 at June 30, 2022. The right to use asset is discussed in more detail in the right of use asset section. of this note.

The third agreement was executed on June 20, 2022, to lease maintenance vehicle and requires 60 monthly payments of \$725. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.7%, which is the stated rate in the lease agreement. As a result of the lease, the Town has recorded a right of use asset with a net book value of \$40,581 at June 30, 2022. The right to use asset is discussed in more detail in the right of use asset section. of this note.

The fourth agreement was executed on June 20, 2022, to lease maintenance vehicle and requires 60 monthly payments of \$849. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 1.6%, which is the stated rate in the lease agreement. As a result of the lease, the Town has recorded a right of use asset with a net book value of \$50,987 at June 30, 2022. The right to use asset is discussed in more detail in the right of use asset section. of this note.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2022, were as follows:

	Governmental Activities	
	Principal	Interest
<u>Year Ending June 30</u>		
2023	\$ 63,089	\$ 7,002
2024	64,844	5,242
2025	66,463	3,440
2026	68,500	1,586
2027	20,038	148
Total	<u>\$ 282,934</u>	<u>\$ 17,418</u>

	Business-Type Activities	
	Principal	Interest
<u>Year Ended June 30</u>		
2023	\$ 9,503	\$ 688
2024	9,656	534
2025	9,811	379
2026	9,969	221
2027	7,588	61
Total	<u>\$ 46,527</u>	<u>\$ 1,883</u>

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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. \$ 1,108,041

Annual debt service payments of the financing as of June 30, 2022, including interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2023	\$ 23,719	\$ 48,477
2024	24,757	47,439
2025	25,840	46,356
2026	26,970	45,226
2027	28,150	44,046
2028-2032	160,342	200,638
2033-2037	198,620	162,360
2038-2042	246,040	114,940
2043-2047	304,780	56,200
2048	68,823	3,373
Total	<u>\$ 1,108,041</u>	<u>\$ 769,055</u>

At June 20, 2022, the Town had a legal debt margin of \$15,577,508.

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. \$ 49,000

The future minimum payment of the general obligation bonds as of June 30, 2022 are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 8,000	\$ 2,450
2024	8,000	2,050
2025	8,000	1,650
2026	8,000	1,250
2027	8,000	850
2028-2029	9,000	500
Total	<u>\$ 49,000</u>	<u>\$ 8,750</u>

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Revenue Bonds – Serviced by the Water Fund

Revenue Bond at June 30, 2022 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.

\$ 2,225,000

The future minimum payments of the revenue bonds as of June 30, 2022 are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2023	\$ 46,000	\$ 61,188
2024	48,000	59,923
2025	49,000	58,603
2026	50,000	57,255
2027	52,000	55,880
2028-2033	281,000	257,208
2033-2037	322,000	216,371
2038-2042	370,000	169,539
2043-2047	422,000	115,886
2048-2052	481,000	54,642
2053	104,000	2,860
Total	<u>\$ 2,225,000</u>	<u>\$ 1,109,355</u>

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	\$ 928,155
Operating expenses	<u>900,660</u>
Operating income	27,495
Nonoperating revenues (expenses)*	<u>2,578</u>
Income available for debt service	<u>\$ 30,073</u>
Debt service, principal and interest paid (revenue bond only)	\$ 109,750
Debt service coverage ratio	27%
*This does not include revenue bond interest paid	<u>\$ 65,250</u>

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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 \$3,334,355. Principal and interest paid for the current year and total net revenues were \$85,230 and \$115,137, respectively.

Changes in Long-Term Liabilities

A summary of long-term debt as of June 30, 2022, is as follows:

	Beginning Balances	Increases	Decreases	Ending Balances	Current Portion
Governmental Activities:					
Construction financing	\$ 1,130,766	\$ -	\$ 22,725	\$ 1,108,041	\$ 23,719
Installment purchase	10,005	-	10,005	-	-
Lease liabilities	-	323,586	40,652	282,934	63,089
Compensated absences	63,432	-	8,423	55,009	10,052
Total OPEB liability	352,124	-	70,398	281,726	-
Net pension liability (LGERS)	424,237	-	251,493	172,744	-
Total pension liability (LEO)	224,178	31,753	-	255,931	-
Total governmental activity long-term liabilities	<u>\$ 2,204,742</u>	<u>\$ 355,339</u>	<u>\$ 403,696</u>	<u>\$ 2,156,385</u>	<u>\$ 96,860</u>
Business-Type Activities:					
General obligation bonds	\$ 57,000	\$ -	\$ 8,000	\$ 49,000	\$ 8,000
Revenue bonds	2,269,500	-	44,500	2,225,000	46,000
Lease liabilities	-	48,163	1,636	46,527	9,503
Compensated absences	29,503	1,715	-	31,218	5,319
Total OPEB liability	150,910	-	30,170	120,740	-
Net pension liability	106,059	-	62,873	43,186	-
Total business-type long-term liabilities	<u>\$ 2,612,972</u>	<u>\$ 49,878</u>	<u>\$ 147,179</u>	<u>\$ 2,515,671</u>	<u>\$ 68,822</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*

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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.

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

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

Contributions - Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Jonesville, North Carolina 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, North Carolina's contractually required contribution rate for the year ended June 30, 2022, 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, North Carolina were \$117,750 for the year ended June 30, 2022.

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.

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 – DETAIL NOTES ON ALL FUNDS (Continued)

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

At June 30, 2022, the Town reported a liability of \$215,930 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2022. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2022 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2022, the Town's proportion was 0.0141%, which was a decrease of 0.0008% from its proportion measured as of June 30, 2021.

For the year ended June 30, 2022, the Town recognized pension expense of \$91,253. At June 30, 2022, 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	\$ 68,695	\$ -
Changes of assumptions	135,659	-
Net difference between projected and actual earnings on pension plan investments	-	308,500
Changes in proportion and differences between Town contributions and proportionate share of contributions	14,572	21,646
Town contributions subsequent to the measurement date	117,750	-
	<u>\$ 336,676</u>	<u>\$ 330,146</u>

\$117,750 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:	
2023	\$ 17,409
2024	(5,011)
2025	(29,214)
2026	(94,403)
Thereafter	-
	<u>\$ (111,219)</u>

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Actuarial Assumptions - The total pension liability in the December 31, 2020 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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	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>	

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate - The discount rate used to measure the total pension liability was 6.50%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Increase (7.50%)
Town's proportionate share of the net pension liability (asset)	\$ 838,224	\$ 215,930	\$ (296,181)

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.

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2020, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Active plan members	10
	<u>11</u>

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:

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2020 valuation. The total pension liability in the December 31, 2020 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, 2020.

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 \$14,408 as benefits came due for the reporting period.

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

At Town of Jonesville, North Carolina, the Town reported a pension liability of \$255,931. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Town recognized pension expense of \$27,026.

At June 30, 2022, 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	\$ 1,496	\$ 32,351
Changes of assumptions	54,637	14,521
Town benefit payments and plan administrative expenses made subsequent to the measurement date	-	-
	<u>\$ 56,133</u>	<u>\$ 46,872</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>	
2023	\$ (1,130)
2024	(634)
2025	570
2026	2,143
2027	3,833
Thereafter	4,479
	<u>\$ 9,261</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	\$ 266,097	\$ 255,931	\$ 207,079

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

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	\$ 224,178
Service cost	22,637
Interest on the total pension liability	6,694
Differences between expected and actual experience in the measurements of the total pension liability	28,069
Changes in assumptions or other inputs	(11,239)
Benefit payments	(14,408)
Ending balance of the total pension liability	<u>\$ 255,931</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, 2020 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, 2022 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

TOWN OF JONESVILLE, NORTH CAROLINA

Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

they retire. The Town contributes toward the cost of this insurance for 12 years or until age 67, whichever comes first as follows:

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, 2021, the date of the latest actuarial valuation:

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

Total OPEB Liability

The Town's total OPEB liability of \$402,466 was measured as of June 30, 2021 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2021 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

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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.

Changes in the Total OPEB liability

Beginning balance	\$	503,034
Service cost		32,541
Interest		11,721
Changes of benefit term		-
Differences between expected and actual experience		(151,156)
Changes in assumptions or other inputs		16,816
Benefit payments		(10,490)
Ending Balance	<u>\$</u>	<u>402,466</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, 2020 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	\$ 333,771	\$ 402,466	\$ 488,179

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	\$ 458,934	\$ 402,466	\$ 352,980

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

For the year ended June 30, 2022, the Town Recognized OPEB expense of \$25,960. At June 30, 2022, 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	\$ 26,262
Changes of assumptions or other inputs	72,759	18,967
Town benefit payments and plan administrative expenses made subsequent to the measurement date	-	-
Total	<u>\$ 86,835</u>	<u>\$ 45,229</u>

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>	
2023	\$ 4,032
2024	4,032
2025	4,032
2026	4,032
2023	5,375
Thereafter	20,103
	<u>\$ 41,606</u>

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

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	\$ 91,253	\$ 27,026	\$ 25,960	\$ 144,239
Pension Liability	215,930	255,931	402,466	874,327
Proportionate share of the net pension liability	0.01408%	N/A	N/A	
Deferred of Outflows of Resources				
Differences between expected and actual experience	68,695	1,496	14,076	84,267
Changes of assumptions	135,659	54,637	72,759	263,055
Net difference between projected and actual earnings on plan investments	-	-	-	-
Changes in proportion and differences between contributions and proportionate share of Benefit payments and administrative costs paid subsequent to the measurement date	14,572	-	-	14,572
	117,750	-	-	117,750
Deferred of Inflows of Resources				
Differences between expected and actual experience	-	32,351	26,262	58,613
Net difference between projected and actual earnings	308,500	-	-	308,500
Changes of assumptions	-	14,521	18,967	33,488
Changes in proportion and differences between contributions and proportionate share of contributions	21,646	-	-	21,646

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

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	\$ 117,750	\$ -
Changes in assumptions	263,055	-
Differences between expected and actual experience	84,267	-
Net difference between projected and actual	-	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,572	-
	<u>\$ 479,644</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)	\$ -	\$ 120,423
Changes in assumptions	33,488	-
Differences between expected and actual experience	58,613	-
Net difference between projected and actual earnings	308,500	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	21,646	-
	<u>\$ 422,247</u>	<u>\$ 120,423</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

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Interfund Activity

Balances due to/from other funds at June 30, 2022, consisted of the following:

<u>Due From</u>	<u>Due to</u>	<u>Amount</u>
Police Special Fund	General Fund	\$ 17,154
FEMA Assistance Fund	General Fund	218,248
Water Fund	General Fund	62,751
		<u>\$ 298,153</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, 2022, consist of the following:

<u>Transfers to</u>	<u>Transfers from</u>	<u>Amount</u>
General Fund	Water Fund	\$ 5,205
		<u>\$ 5,205</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	\$ 1,660,524
Less:	
Stabilization by State Statute	486,999
Streets- Powell Bill	40,189
Remaining Fund Balance	<u>\$ 1,133,336</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

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 Nine Fiscal Years*

Exhibit 11

Proportionate Share of Net Pension Liability:

	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportionate of the net pension liability (asset)	0.0141%	0.0148%	0.0132%	0.0131%	0.0151%	0.0151%	0.0139%	0.0133%	0.0151%
Proportionate of the net pension liability (asset)	\$ 215,930	\$ 530,296	\$ 359,116	\$ 311,251	\$ 230,075	\$ 321,109	\$ 62,338	\$ (78,554)	\$ 182,013
Covered-employee payroll	1,005,459	1,036,238	891,711	796,663	869,479	898,978	822,534	816,481	880,313
Proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	21.48%	51.18%	40.27%	39.07%	26.46%	35.72%	7.58%	-9.62%	20.68%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%
Contributions:									
Contractually required contribution	\$ 117,750	\$ 100,808	\$ 92,333	\$ 72,738	\$ 61,868	\$ 66,925	\$ 57,731	\$ 58,031	\$ 55,600
Contributions in relation to the contractually required contribution	117,750	100,808	92,333	72,738	61,868	66,925	57,731	58,031	55,600
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Covered-employee payroll	\$ 1,005,459	\$ 1,005,459	\$ 1,036,238	\$ 891,711	\$ 796,663	\$ 869,479	\$ 898,978	\$ 822,534	\$ 816,481
Contribution as a percentage of covered-employee payroll	11.71%	10.03%	8.91%	8.16%	7.77%	7.70%	6.42%	7.06%	6.81%

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

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

Exhibit 12

Schedule of Changes in Total Pension Liability:

	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 224,178	\$ 157,285	\$ 157,642	\$ 157,830	\$ 149,061	\$ 139,626
Service cost	22,637	12,008	8,923	10,352	11,033	12,637
Interest on the total pension liability	6,694	5,077	5,681	4,855	5,562	4,924
Differences between expected and actual experience in the measurement of the total pension liability	28,069	(17,113)	(18,336)	1,661	(13,685)	-
Changes of assumptions or other inputs	(11,239)	70,041	6,495	(8,677)	15,813	(4,747)
Benefit payments	(14,408)	(3,120)	(3,120)	(8,379)	(9,954)	(3,379)
Ending balance of the total pension liability	<u>\$ 255,931</u>	<u>\$ 224,178</u>	<u>\$ 157,285</u>	<u>\$ 157,642</u>	<u>\$ 157,830</u>	<u>\$ 149,061</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	\$ 255,931	\$ 224,178	\$ 157,285	\$ 157,642	\$ 157,830	\$ 149,061
Covered payroll	386,965	386,965	303,735	302,192	376,867	436,903
Total pension liability as a percentage of covered payroll	66.14%	57.93%	51.78%	52.17%	41.88%	34.12%

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.

Other Post-Employment Benefits

Required Supplementary Information

Schedule of Changes in the Total OPEB Liability and Related Ratios

Last Five Fiscal Years

	2022	2021	2020	2019	2018
Total OPEB Liability					
Service Cost	\$ 32,541	\$ 34,075	\$ 26,547	\$ 27,502	\$ 29,830
Interest	11,721	14,899	15,112	13,639	11,719
Changes of benefit terms	-	-	(38,771)	-	-
Differences between expected and actual experience	(151,156)	(3,817)	18,254	(1,148)	(3,264)
Changes of assumptions	16,816	78,276	2,509	(16,293)	(26,811)
Benefit payments	(10,490)	(23,812)	(17,260)	(19,449)	(15,927)
Net change in total OPEB liability	(100,568)	99,621	6,391	4,251	(4,453)
Total OPEB liability - beginning	503,034	403,413	397,022	392,771	397,224
Total OPEB liability - ending	<u>\$ 402,466</u>	<u>\$ 503,034</u>	<u>\$ 403,413</u>	<u>\$ 397,022</u>	<u>\$ 392,771</u>
Covered payroll	\$ 912,175	\$ 912,175	\$ 912,175	\$ 494,376	\$ 494,376
Total OPEB liability as a percentage of covered payroll	44.12%	55.15%	44.23%	80.31%	79.45%

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>
2022	3.50%
2021	3.50%
2020	3.50%
2019	3.89%
2018	3.56%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

TOWN OF JONESVILLE, NORTH CAROLINA
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
General Fund
For the Fiscal Year Ended June 30, 2022

Schedule 1
Page 1 of 3

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		\$ 958,223	
Penalties and interest		18,069	
Total ad valorem taxes	\$ 970,600	976,292	\$ 5,692
Other taxes and licenses:			
Beverage tax distributions		9,152	
Permits and fees		210	
Total other taxes and licenses	10,250	9,362	(888)
Unrestricted intergovernmental:			
Local option sales taxes		570,164	
Utility franchise taxes		159,274	
Tourism authority reimbursement		36,000	
ABC profit distribution		58,499	
Total unrestricted intergovernmental	703,700	823,937	120,237
Restricted intergovernmental:			
Powell Bill allocation		81,616	
Total restricted intergovernmental	168,200	81,616	(86,584)
Permits and fees:			
Building, sign and zoning		1,500	
Ticket fees		1,355	
Total permits and fees	4,600	2,855	(1,745)
Sales and services:			
Garbage collection fees		183,926	
Recreation department fees		875	
Total sales and services	184,300	184,801	501
Investment earnings	700	1,968	1,268
Miscellaneous	71,600	92,737	21,137
Total Revenues	2,113,950	2,173,568	59,618

(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, 2022

Schedule 1

Page 2 of 3

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Governing body:			
Board member compensation		\$ 10,657	
Operating expenses		622	
Total	\$ 11,795	11,279	\$ 516
Administration:			
Salaries and employee benefits		291,905	
Professional services		13,204	
Operating expenses		85,223	
Reimbursement - water and sewer fund		(12,000)	
Utilities reimbursement - Tourism Development Authority		(18,250)	
Total	353,515	360,082	(6,567)
Public buildings:			
Utilities		21,649	
Operating expenses		33,839	
Total	59,000	55,488	3,512
Non-departmental			
General insurance and bonds		49,934	
Economic development		1,172	
Other expenses		135,471	
Total	188,600	186,577	2,023
Total general government	612,910	613,426	(516)
Public safety:			
Police:			
Salaries and employee benefits		664,930	
Vehicle maintenance		48,740	
Operating expenses		130,736	
Capital outlay		-	
Total	865,800	844,406	21,394
Transportation:			
Streets:			
Salaries and employee benefits		210,365	
Street lights		28,835	
Operating expenses		36,381	
Capital outlay		6,228	
Total	315,160	281,809	33,351

(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, 2022

Schedule 1

Page 3 of 3

	Budget	Actual	Variance Positive (Negative)
Expenditures (Continued):			
Streets-Powell Bill:			
Annual paving and patching		\$ 39,473	
Total	\$ 89,000	39,473	\$ 49,527
 Total Transportation:	 404,160	 321,282	 82,878
Environmental protection:			
Solid waste:			
Garbage collection service		150,129	
Recycling user fees		34,812	
Total	185,050	184,941	109
Culture and recreation:			
Parks and recreation		35,945	
Capital outlay		22,999	
Total	60,410	58,944	1,466
Debt service:			
Principal retirement		78,322	
Interest and other charges		49,888	
Total	124,050	128,210	(4,160)
Total expenditures	2,252,380	2,151,209	101,171
Revenue over (under) expenditures	(138,430)	22,359	160,789
Other financing sources (uses):			
Transfers in from other funds	-	5,205	5,205
Total other financing sources (uses)	-	5,205	5,205
Fund balance appropriated	138,430	-	(138,430)
Net change in fund balance	\$ -	27,564	\$ 27,564
Fund balances, beginning		1,632,960	
Fund balances, ending		\$ 1,660,524	

TOWN OF JONESVILLE, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2022

Schedule 2

	Police Special Fund	CARES Grant Fund	FEMA Assistance Fund	Total Nonmajor Governmental Funds
Assets				
Current assets:				
Restricted cash and cash equivalents	\$ 17,945	\$ 25	\$ 46,957	\$ 64,927
Accounts Receivable	-	-	189,168	189,168
Total assets	<u>\$ 17,945</u>	<u>\$ 25</u>	<u>\$ 236,125</u>	<u>\$ 254,095</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 25	\$ 17,877	\$ 17,902
Due to other funds	17,154	-	218,248	235,402
Total liabilities	<u>17,154</u>	<u>25</u>	<u>236,125</u>	<u>253,304</u>
Fund Balances:				
Restricted				
Grant funds	791	-	-	791
Total fund balances	<u>791</u>	<u>-</u>	<u>-</u>	<u>791</u>
Total liabilities and fund balances	<u>\$ 17,945</u>	<u>\$ 25</u>	<u>\$ 236,125</u>	<u>\$ 254,095</u>

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

Nonmajor Governmental Funds

Year Ended June 30, 2022

	Police Special Fund	CARES Grant Fund	FEMA Assistance Fund	Total Nonmajor Governmental Funds
Revenues:				
Restricted intergovernmental	\$ -	\$ 26,168	\$ 236,125	\$ 262,293
Investment earnings	23	-	-	23
Total revenues	<u>23</u>	<u>26,168</u>	<u>236,125</u>	<u>262,316</u>
Expenditures:				
Current:				
General government:				
Administration:				
Other operating expenses	-	26,168	236,125	262,293
Public safety	638	-	-	638
Total expenditures	<u>638</u>	<u>26,168</u>	<u>236,125</u>	<u>262,931</u>
Net change in fund balances	<u>(615)</u>	<u>-</u>	<u>-</u>	<u>(615)</u>
Fund balances, beginning	<u>1,406</u>	<u>-</u>	<u>-</u>	<u>1,406</u>
Fund balances, ending	<u>\$ 791</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 791</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, 2022

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ 100	\$ 23	\$ (77)
Total revenues	<u>100</u>	<u>23</u>	<u>(77)</u>
Expenditures:			
Equipment and supplies	5,000	638	4,362
Total expenditures	<u>5,000</u>	<u>638</u>	<u>4,362</u>
Other Financing Sources (Uses):			
Fund balance appropriated	4,900	-	(4,900)
Total other financing sources and uses	<u>4,900</u>	<u>-</u>	<u>(4,900)</u>
Net change in fund balance	<u>\$ -</u>	(615)	<u>\$ (615)</u>
Fund balances, beginning		<u>1,406</u>	
Fund balances, ending		<u>\$ 791</u>	

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

CARES Grant Funds

For the Year Ended June 30, 2022

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Grant funds	\$ 295,650	\$ 26,168	\$ (269,482)
Total revenues	<u>295,650</u>	<u>26,168</u>	<u>(269,482)</u>
 Expenditures:			
General government:			
Administration:			
Salaries and employee benefits	192,444	26,168	166,276
Other operating expenses	103,206	-	103,206
Total expenditures	<u>295,650</u>	<u>26,168</u>	<u>269,482</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) - Utility Fund
Year Ended June 30, 2022

Schedule 7
Page 1 of 2

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Water Sales:			
Residential, commercial and residential		\$ 773,395	
Other operating revenues		168,841	
Total operating revenues	<u>\$ 989,000</u>	<u>942,236</u>	<u>\$ (46,764)</u>
Non-Operating Revenues:			
Interest on investments	<u>500</u>	<u>966</u>	<u>466</u>
Total revenues	<u>989,500</u>	<u>943,202</u>	<u>(46,298)</u>
Expenditures:			
Water administration	<u>39,550</u>	<u>22,256</u>	<u>17,294</u>
Water treatment and distribution:			
Salaries and employee benefits		347,322	
Chemicals and supplies		122,772	
Maintenance		126,337	
Utility service fees		44,724	
Other departmental expenses		115,584	
Total water treatment and distribution	<u>790,800</u>	<u>756,739</u>	<u>34,061</u>
Debt service:			
Interest costs		62,026	
Principal retirement		52,500	
Total debt service	<u>117,900</u>	<u>114,526</u>	<u>3,374</u>
Total expenditures	<u>948,250</u>	<u>893,521</u>	<u>54,729</u>
Revenues over (under) expenditures	<u>41,250</u>	<u>49,681</u>	<u>8,431</u>
Other financing sources (uses):			
Sale of equipment	1,000	-	(1,000)
Fund balance appropriated	<u>(42,250)</u>	-	<u>42,250</u>
Total other financing sources (uses)	<u>(41,250)</u>	<u>-</u>	<u>41,250</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, 2022

Schedule 7
Page 2 of 2

	Budget	Actual	Variance Positive (Negative)
Transfer to other funds	-	5,205	(5,205)
Revenues and other financing sources over expenditures, other financing uses and transfers	\$ -	\$ 44,476	\$ 44,476

Reconciliation from budgetary basis (modified accrual) to full accrual:

Reconciling items:

Principal retirement	52,500
Capital outlay	1,388,620
State grants	1,482,949
Capital project fund expenditures	(1,388,620)
Depreciation	(165,175)
Change in receivables and allowance	(12,087)
Change in other operating revenue receivables	(1,994)
Change in accounts payable and other accruals	10,269
Change in accrued interest	(1,612)
Change in accrued vacation	1,714
Increase in deferred outflows of resources - pension	451
Increase in deferred outflows of resources - OPEB	6,591
Increase in deferred inflows of resources - pension	(4,393)
Increase in deferred inflows of resources - OPEB	(64,165)
Decrease in pension liability	62,873
Decrease in OPEB liability	30,170
Total reconciling items	<u>1,398,091</u>

Change in net position	<u>\$ 1,442,567</u>
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TOWN OF JONESVILLE, NORTH CAROLINA
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, 2022

Schedule 8

	Project Authorization	Prior Years	Actual Current Year	Total
Revenues:				
Restricted intergovernmental:				
State grants	\$ 2,156,200	\$ 373,408	\$ 1,482,949	\$ 1,856,357
Total revenues	<u>2,156,200</u>	<u>373,408</u>	<u>1,482,949</u>	<u>1,856,357</u>
Expenditures:				
Capital outlay	2,156,200	454,365	1,388,620	1,842,985
Total expenditures	<u>2,156,200</u>	<u>454,365</u>	<u>1,388,620</u>	<u>1,842,985</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ (80,957)</u>	<u>\$ 94,329</u>	<u>\$ 13,372</u>

OTHER SCHEDULES

TOWN OF JONESVILLE, NORTH CAROLINA
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2022

Schedule 1

Fiscal Year	Uncollected Balance July 1, 2021	Additions	Collections, and Credits	Uncollected Balance June 30, 2022
2021-2022	\$ -	\$ 975,405	\$ 952,804	\$ 22,601
2020-2021	54,941	-	8,634	46,307
2019-2020	27,135	-	2,668	24,467
2018-2019	13,278	-	1,044	12,234
2017-2018	9,117	-	358	8,759
2016-2017	6,643	-	268	6,375
2015-2016	4,431	-	127	4,304
2014-2015	2,919	-	-	2,919
2013-2014	2,013	-	-	2,013
2012-2013	1,880	-	-	1,880
2011-2012	450	-	450	-
Prior to 2011	13,328	-	13,328	-
Total	\$ 136,135	\$ 975,405	\$ 979,681	131,859
Less: allowance for uncollectible ad valorem taxes receivable				13,778
Ad valorem taxes receivable - net				118,081
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - general fund				976,292
Reconciling items:				
Service fee				(5,534)
Taxes written off				26,992
Penalties and interest				(18,069)
Total collections and credits				\$ 979,681

TOWN OF JONESVILLE, NORTH CAROLINA
Analysis of Current Year Tax Levy
Town-Wide Levy
For the Fiscal Year Ended June 30, 2022

Schedule 2

	Town-wide		Total Levy	Total Levy	
	Property Valuation (in Thousand)	Rate		Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxes at current year rate	\$ 189,939,786	0.50	\$ 949,699	\$ 805,645	\$ 144,054
Total	<u>189,939,786</u>		<u>949,699</u>	<u>805,645</u>	<u>144,054</u>
Discoveries:					
Current and prior years	<u>4,779,068</u>	0.50	<u>23,895</u>	<u>23,895</u>	<u>-</u>
Total property value	<u>\$ 194,718,854</u>				
Net levy			<u>973,594</u>	<u>829,540</u>	<u>144,054</u>
Uncollected taxes at June 30, 2022			<u>22,601</u>	<u>22,601</u>	<u>-</u>
Current year's taxes collected			<u>\$ 950,993</u>	<u>\$ 806,939</u>	<u>\$ 144,054</u>
Current levy collection percentage			<u>97.68%</u>	<u>97.28%</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, 2022, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements, and have issued our report thereon dated December 8, 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
December 8, 2022



**Independent Auditor's Report on Compliance
for The Major Program and on Internal Control
over Compliance Required by the Uniform Guidance**

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

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Town of Jonesville, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on the of Town of Jonesville, North Carolina's major federal programs for the year ended June 30, 2022. Town of Jonesville, North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Jonesville, North Carolina complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on The Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Town of Jonesville, North Carolina's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the

compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Jonesville, North Carolina's compliance with the requirements of the major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
December 8, 2022

TOWN OF JONESVILLE, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2022

Grantor/Pass-through Grantor/Program Title	Federal ALN Number	State/ Pass-through Grantor's Number	Federal Expenditures	State Expenditures
Federal Grants:				
Cash Assistance:				
<u>U.S. Department of Homeland Security:</u>				
Passed through North Carolina Department of Emergency Management				
FEMA Emergency Management	97.036	49816	\$ 212,513	\$ 23,612
<u>U.S. Department of Housing and Urban Development</u>				
Passed through North Carolina Department of Environmental Quality:				
CDBG Division of Water Infrastructure	14.228	CDBG-I 18-1-3030	1,388,621	-
CDBG Coronavirus	14.228	CDBG-CV 20-V-3529	26,168	-
<u>N.C. Department of Transportation:</u>				
Powell Bill			-	44,863
Total assistance			<u>\$1,627,302</u>	<u>\$ 68,475</u>

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to the Schedule of Expenditures of Federal and State
Financial Awards

Note 1: Basis of Presentation

The accompanying schedule of expenditures of federal and State awards (SEFSA) includes the Federal and State grant activity of the Town of Jonesville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2022. The information in this SEFSA is presented in accordance with the requirements of Title 2 US Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Jonesville, it is not intended to present the financial position, changes in net assets or cash flows of the Town of Jonesville.

Note 2: Summary of Significant Accounting Policies

The Schedule of Expenditures of Federal and State Awards is prepared on the modified accrual basis of accounting. Therefore, some amounts presented in this schedule may differ from amounts presented in or used in the preparation of the basic financial statements. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement.

The Town of Jonesville has elected not to use the 10% de minimis indirect cost rate as allowed under the Uniform Guidance.

Powell Bill expenditures as reported above represent eligible expenditures reported to the North Carolina Department of Transportation for the fiscal year ending June 30, 2022. The Town is required to report annually to the North Carolina Department of Transportation on the accumulated unexpended Powell Bill funds. Unexpended Powell Bill funds are accounted for and maintained within the Town funds. The total unexpended balance on-hand at Town of Jonesville, North Carolina is \$64,189.

TOWN OF JONESVILLE, NORTH CAROLINA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2022

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
(a) Material weakness(es) identified?	_____ yes <u> X </u> no
(b) Significant deficiency(ies)?	_____ yes <u> X </u> none reported
Noncompliance material to financial statements noted?	_____ yes <u> X </u> no

State Awards

Internal control over major programs:	
(a) Material weakness(es) identified	_____ yes <u> X </u> no
(b) Significant deficiency(ies) identified?	_____ yes <u> X </u> none reported
Noncompliance material to state awards	_____ yes <u> X </u> no
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with the <i>State Single Audit Implementation Act</i> ?	_____ yes <u> X </u> no
Identification of major programs:	

<u>Federal Assistance Listing No.</u>	<u>Name of Federal Program</u>
14.228	CDBG Division of Water Infrastructure

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

Auditee qualified as low risk auditee? _____ yes X no

Section II - Financial Statement Findings:

None reported

Section III - State Award Findings and Questioned Costs

None reported

TOWN OF JONESVILLE, NORTH CAROLINA
Summary Schedule of Prior Year Audit Findings and Questioned Costs
Year Ended June 30, 2022

Section IV - Summary Schedule of Prior Audit Findings

None reported



December 8, 2022

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

We have audited the financial statements of the governmental activities, the business-type activities, discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Jonesville, North Carolina for the year ended June 30, 2022. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated April 19, 2022. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Findings

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Town of Jonesville, North Carolina (the “Town”) are described in Note 1 to the financial statements. No new accounting policies were adopted, and the application of existing policies was not changed during the fiscal year ended June 30, 2022. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Town’s financial statements were:

Management’s estimate of the Law Enforcement Officers Special Separation Allowance and Other Postemployment Benefits for Healthcare Benefits liabilities is based on the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members.

Management’s estimate of useful lives on capital assets of the Town are based on the Town’s history of normal use of such assets.

Management’s estimate of uncollectible accounts on receivables of the Town, which are based on the Town’s historical collection history.

We evaluated the key factors and assumptions used by management to develop the Town's financial information associated with these estimates in determining that they were reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. No such entries were noted during our audit.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated December 8, 2022.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Town of Jonesville, North Carolina

December 8, 2022

Page 3

Other Matters

With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

This information is intended solely for the use of the Town Council and management of the Town of Jonesville, North Carolina and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

Bernard Robinson & Company, L.L.P.

BERNARD ROBINSON & COMPANY, L.L.P.