

TOWN OF JONESVILLE, NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2023



Town Council Members

Anita Darnell, Mayor
Andy Green, Mayor Pro-Tempore
Tracy Wall
Regina Adkins
Michael Tilley
Scott Darnell

Administrative and Financial Staff

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

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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, 2023, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, 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, 2023, 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 for the Audit of the Financial Statements

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

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Town of 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 is the responsibility of management and, 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 opinions on the financial statements that collectively comprise the basic financial statements of Town of Jonesville, North Carolina. The accompanying individual fund budgetary schedules, other schedules, and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2024 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 solely 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
January 9, 2024

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, 2023. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

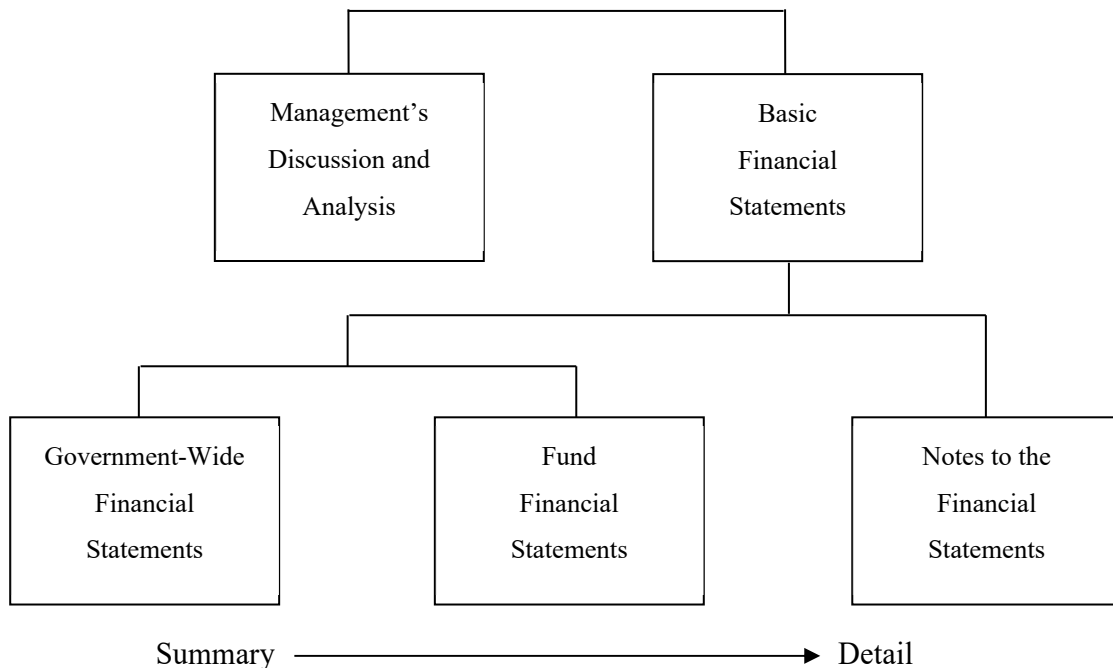
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$8,821,661 (net position).
- The government's total net position increased by \$201,531 primarily due to grants received for capital projects in the AIA/CDBG fund.
- As of the close of the current fiscal year, the Town's total governmental funds reported combined ending fund balances of \$1,752,501 with a net change of \$91,186 in fund balance. Approximately 37% of this total amount or \$650,623 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$1,101,878, or approximately 42% 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	
	2023	2022	2023	2022	2023	2022
Assets:						
Current and other assets	\$ 2,202,230	\$ 2,180,277	\$ 1,050,223	\$ 1,155,927	\$ 3,252,453	\$ 3,336,204
Right of use assets	228,170	295,811	81,428	50,987	309,598	346,798
Capital assets	3,114,036	3,069,208	7,204,176	7,166,929	10,318,212	10,236,137
Deferred outflows of resources	521,194	386,259	132,311	93,385	653,505	479,644
Total assets	6,065,630	5,931,555	8,468,138	8,467,228	14,533,768	14,398,783
Liabilities:						
Current liabilities	409,336	495,399	136,996	354,634	546,332	850,033
Long-term liabilities	2,259,678	2,059,525	2,491,454	2,446,848	4,751,132	4,506,373
Deferred inflows of resources	329,159	342,649	85,484	79,598	414,643	422,247
Total liabilities	2,998,173	2,897,573	2,713,934	2,881,080	5,712,107	5,778,653
Net Position:						
Net invested in capital assets	2,031,342	1,974,044	4,987,383	4,897,389	7,018,725	6,871,433
Restricted	650,623	527,979	-	-	650,623	527,979
Unrestricted	385,492	531,959	766,821	688,759	1,152,313	1,220,718
Total net position	\$ 3,067,457	\$ 3,033,982	\$ 5,754,204	\$ 5,586,148	\$ 8,821,661	\$ 8,620,130

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 \$8,821,661 as of June 30, 2023. The Town's net position increased by \$201,531 for the fiscal year ended June 30, 2023. 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, \$650,623, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$1,152,313 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 96%.
- Water fund charges for services increased approximately 12.0% while related expenses increased approximately 23.0%. This change was due partly to the repair of the water plant clear well 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	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 205,614	\$ 187,656	\$ 1,035,496	\$ 928,155	\$ 1,241,110	\$ 1,115,811
Operating grants and contributions	1,045,100	343,909	-	-	1,045,100	343,909
Capital grants and contributions	-	-	198,110	1,482,949	198,110	1,482,949
General revenues:						
Property taxes	969,542	976,292	-	-	969,542	976,292
Other taxes	778,395	9,362	-	-	778,395	9,362
Unrestricted intergovernmental	84,021	823,937	17,933	966	101,954	824,903
Other	160,607	94,728	-	-	160,607	94,728
Total revenues	<u>3,243,279</u>	<u>2,435,884</u>	<u>1,251,539</u>	<u>2,412,070</u>	<u>4,494,818</u>	<u>4,847,954</u>
Expenses:						
General government	1,182,559	815,387	-	-	1,182,559	815,387
Public safety	542,281	850,234	-	-	542,281	850,234
Transportation	1,029,556	331,888	-	-	1,029,556	331,888
Environmental protection	218,868	184,941	-	-	218,868	184,941
Cultural and recreation	88,062	59,900	-	-	88,062	59,900
Interest on long-term debt	48,478	57,302	-	-	48,478	57,302
Water and sewer	-	-	1,183,483	964,298	1,183,483	964,298
Total expenses	<u>3,109,804</u>	<u>2,299,652</u>	<u>1,183,483</u>	<u>964,298</u>	<u>4,293,287</u>	<u>3,263,950</u>
Increase in net position before transfers	133,475	136,232	68,056	1,447,772	201,531	1,584,004
Transfers	(100,000)	5,205	100,000	(5,205)	-	-
Increase in net position	33,475	141,437	168,056	1,442,567	201,531	1,584,004
Net position, July 1,	3,033,982	2,892,545	5,586,148	4,143,581	8,620,130	7,036,126
Net position, June 30,	<u>\$ 3,067,457</u>	<u>\$ 3,033,982</u>	<u>\$ 5,754,204</u>	<u>\$ 5,586,148</u>	<u>\$ 8,821,661</u>	<u>\$ 8,620,130</u>

Governmental Activities - Governmental activities increased the Town's net position by \$33,475. 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 \$168,056. The key element of this increase was an increase in charges for services and a transfer from a governmental fund.

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 \$1,101,878, while the total fund balance reached \$1,752,501. The Town currently has an available fund balance of 42% of General Fund expenditures, while total fund balance represents 67% of the same amount.

At June 30, 2023, the governmental funds of the Town of Jonesville, North Carolina reported a combined fund balance of \$1,752,501 with a net increase of \$91,186.

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 \$766,821. The total change in net position for the utility fund was an increase of \$168,056 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, 2023, totals \$10,318,212 (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	
	2023	2022	2023	2022	2023	2022
Land	\$ 1,281,008	\$ 1,281,008	\$ 72,530	\$ 72,530	\$ 1,353,538	\$ 1,353,538
Construction in progress	-	-	2,041,118	1,842,985	2,041,118	1,842,985
Buildings/Plant	1,468,408	1,536,558	5,089,731	1,409,757	6,558,139	2,946,315
Infrastructure	-	-	797	3,841,657	797	3,841,657
Equipment	264,421	105,900	-	-	264,421	105,900
Vehicles and motorized equipment	56,769	89,094	-	-	56,769	89,094
Leasehold improvements	43,430	56,648	-	-	43,430	56,648
Total	\$ 3,114,036	\$ 3,069,208	\$ 7,204,176	\$ 7,166,929	\$ 10,318,212	\$ 10,236,137

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, 2023, the Town had total debt outstanding of \$3,711,502.

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

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
	Construction loan	\$ 1,084,322	\$ 1,108,041	\$ -	\$ -	\$ 1,084,322
General obligation bonds	-	-	41,000	49,000	41,000	49,000
Revenue bonds	-	-	2,179,000	2,225,000	2,179,000	2,225,000
Lease liabilities	226,542	282,934	78,221	46,527	304,763	329,461
OPEB	215,233	281,726	92,243	120,740	307,476	402,466
Pension related liability (LGERS)	629,583	172,744	157,396	43,186	786,979	215,930
Pension related liability (LEO)	134,819	255,931	-	-	134,819	255,931
Compensated absences	59,110	55,009	21,882	31,218	80,992	86,227
Total	<u>\$ 2,349,609</u>	<u>\$ 2,156,385</u>	<u>\$ 2,569,742</u>	<u>\$ 2,515,671</u>	<u>\$ 4,919,351</u>	<u>\$ 4,672,056</u>

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, 2023, the Town of Jonesville, North Carolina had a legal debt margin of approximately \$14,800,000.

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.

- Commercial and residential real estate remained strong throughout the fiscal year however, a slowdown in the market is continuing.
- State revenues disbursed to the Town remained steady. Sales tax income reflected an increase during certain months.

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, 2024

Governmental Activities – The Town Council approved \$2,577,300 annual budget for fiscal year 2023/2024, an increase of 5.75% over the original approved fiscal year 2022/2023 budget. The Town Council established a tax rate at \$.50 per \$100 at full assessed valuation. Properties throughout Yadkin County were re-evaluated causing an increase in property values throughout Jonesville projecting to be an average of 18.7% increase. Within the increase in assessed values, the Town Council sees the need to continue providing the same services without an increase to the property tax rate. Staff will continue to seek grant funding to provide and increase the quality of services offered.

Business-Type Activities – The Town Council approved \$942,810 annual budget for fiscal year 2023/2024, a -3.10% decrease from the original approved fiscal year 2022/2023 budget. The Town Council voted to maintain the base water rate and increase the additional use per thousand by \$0.25 for in and out of town customers.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Officer, 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, 2023

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	\$ 1,203,740	\$ 788,379	\$ 1,992,119	\$ 450,991
Cash and cash equivalents-restricted	299,850	32,976	332,826	-
Taxes receivables, net	134,507	-	134,507	-
Accounts receivable, net	111,660	166,721	278,381	41,501
Due from other governments	468,746	-	468,746	-
Due from other component units	4,342	-	4,342	(4,342)
Internal balances	(20,615)	20,615	-	-
Inventories	-	41,532	41,532	-
Total current assets	<u>2,202,230</u>	<u>1,050,223</u>	<u>3,252,453</u>	<u>488,150</u>
Non Current Assets:				
Right of use asset:				
Leased vehicles, net of amortization	<u>228,170</u>	<u>81,428</u>	<u>309,598</u>	<u>-</u>
Capital assets:				
Land, improvements, and construction in progress	1,281,008	2,113,648	3,394,656	-
Other capital assets, net of depreciation	<u>1,833,028</u>	<u>5,090,528</u>	<u>6,923,556</u>	<u>24,287</u>
Total capital assets	<u>3,114,036</u>	<u>7,204,176</u>	<u>10,318,212</u>	<u>24,287</u>
Total assets	<u>5,544,436</u>	<u>8,335,827</u>	<u>13,880,263</u>	<u>512,437</u>
Deferred Outflows of Resources				
Other post employment benefit deferrals	71,819	30,780	102,599	-
Pension deferrals	<u>449,375</u>	<u>101,531</u>	<u>550,906</u>	<u>-</u>
	<u>521,194</u>	<u>132,311</u>	<u>653,505</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, 2023

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	\$ 119,405	\$ 25,732	\$ 145,137	\$ 216
Customer deposits	-	32,976	32,976	-
Liabilities to be paid from restricted cash	200,000	-	200,000	-
Current portion of long-term liabilities	89,931	78,288	168,219	-
Total current liabilities	<u>409,336</u>	<u>136,996</u>	<u>546,332</u>	<u>216</u>
Long-term liabilities:				
Net pension liability	629,583	157,396	786,979	-
Total pension liability	134,819	-	134,819	-
Total OPEB liability	215,233	92,243	307,476	-
Due in more than one year	1,280,043	2,241,815	3,521,858	-
Total liabilities	<u>2,669,014</u>	<u>2,628,450</u>	<u>5,297,464</u>	<u>216</u>
Deferred Inflows of Resources				
Other post employment benefit deferrals	189,210	81,090	270,300	-
Pension deferrals	139,949	4,394	144,343	-
Total deferred inflows of resources	<u>329,159</u>	<u>85,484</u>	<u>414,643</u>	<u>-</u>
Net Position				
Net investment in capital assets	2,031,342	4,987,383	7,018,725	24,287
Restricted for:				
Stabilization by State Statute	608,480	-	608,480	41,501
Streets	35,605	-	35,605	-
Grants	6,538	-	6,538	-
Unrestricted	385,492	766,821	1,152,313	446,433
Total net position	<u>\$ 3,067,457</u>	<u>\$ 5,754,204</u>	<u>\$ 8,821,661</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, 2023

Exhibit 2

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position			Jonesville Tourism Development Authority
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government			
					Governmental Activities	Business-type Activities	Total	
Primary government:								
Governmental activities:								
General government	\$ 1,182,559	\$ -	\$ 964,347	\$ -	\$ (218,212)	\$ -	\$ (218,212)	\$ -
Public safety	542,281	-	80,753	-	(461,528)	-	(461,528)	-
Transportation	1,029,556	1,417	-	-	(1,028,139)	-	(1,028,139)	-
Environmental protection	218,868	194,661	-	-	(24,207)	-	(24,207)	-
Cultural and recreation	88,062	9,536	-	-	(78,526)	-	(78,526)	-
Interest on long-term debt	48,478	-	-	-	(48,478)	-	(48,478)	-
Total governmental activities	<u>3,109,804</u>	<u>205,614</u>	<u>1,045,100</u>	<u>-</u>	<u>(1,859,090)</u>	<u>-</u>	<u>(1,859,090)</u>	<u>-</u>
Business-type activities:								
Water & Sewer fund	1,183,483	1,035,496	-	198,110	-	50,123	50,123	-
Total business-type activities	<u>1,183,483</u>	<u>1,035,496</u>	<u>-</u>	<u>198,110</u>	<u>-</u>	<u>50,123</u>	<u>50,123</u>	<u>-</u>
Total primary government	<u>\$ 4,293,287</u>	<u>\$ 1,241,110</u>	<u>\$ 1,045,100</u>	<u>\$ 198,110</u>	<u>(1,859,090)</u>	<u>50,123</u>	<u>(1,808,967)</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					969,542	-	969,542	-
Other taxes and licenses					778,395	-	778,395	-
Unrestricted intergovernmental					84,021	-	84,021	-
Occupancy tax					-	-	-	448,641
Unrestricted investment earnings					41,944	17,933	59,877	503
Miscellaneous					118,663	-	118,663	-
Transfers					(100,000)	100,000	-	-
Total general revenues, special items, and transfers					<u>1,892,565</u>	<u>117,933</u>	<u>2,010,498</u>	<u>449,144</u>
Change in net position					33,475	168,056	201,531	123,761
Net position - beginning					3,033,982	5,586,148	8,620,130	388,460
Net position - ending					<u>\$ 3,067,457</u>	<u>\$ 5,754,204</u>	<u>\$ 8,821,661</u>	<u>\$ 512,221</u>

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

TOWN OF JONESVILLE, NORTH CAROLINA

Exhibit 3

Balance Sheet

Governmental Funds

June 30, 2023

	General Fund	ARPA Funds	FEMA Assistance Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,203,740	\$ -	\$ -	\$ -	\$ 1,203,740
Restricted cash and cash equivalents	35,605	200,000	38,129	26,116	299,850
Receivable, net:					
Taxes	134,507	-	-	-	134,507
Accounts	57,487	-	-	54,173	111,660
Due from other governments	165,924	-	302,822	-	468,746
Due from other funds	340,939	-	-	-	340,939
Due from component unit	4,342	-	-	-	4,342
Total assets	<u>\$ 1,942,544</u>	<u>\$ 200,000</u>	<u>\$ 340,951</u>	<u>\$ 80,289</u>	<u>\$ 2,563,784</u>
Liabilities					
Accounts payable and accrued liabilities	\$ 66,257	\$ -	\$ 17,877	\$ 35,271	\$ 119,405
Unearned revenue	-	200,000	-	-	200,000
Due to other funds	-	-	323,074	38,480	361,554
Total liabilities	<u>66,257</u>	<u>200,000</u>	<u>340,951</u>	<u>73,751</u>	<u>680,959</u>
Deferred Inflow of Resources	<u>130,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>130,324</u>
Fund Balances					
Restricted for:					
Stabilization by State Statute	608,480	-	-	-	608,480
Streets	35,605	-	-	-	35,605
Grant funds	-	-	-	6,538	6,538
Unassigned	1,101,878	-	-	-	1,101,878
Total fund balances	<u>1,745,963</u>	<u>-</u>	<u>-</u>	<u>6,538</u>	<u>\$ 1,752,501</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,942,544</u>	<u>\$ 200,000</u>	<u>\$ 340,951</u>	<u>\$ 80,289</u>	

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

TOWN OF JONESVILLE, NORTH CAROLINA
Reconciliation of the Governmental Funds Balance Sheet to the
Statement of Net Position
Governmental Funds
June 30, 2023

Exhibit 4

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

Total fund balance		\$ 1,752,501
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets	4,863,115	
Less: accumulated depreciation	<u>1,749,079</u>	3,114,036
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	339,302	
Less: accumulated amortization	<u>111,132</u>	228,170
Deferred outflows of resources related to pensions are not reported in the funds		449,375
Deferred outflows of resources related to OPEB are not reported in the funds		71,819
Earned revenues considered deferred inflows of resources for fund statements		130,324
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:		
Gross long-term debt	(1,310,864)	
Net pension liability	(629,583)	
Total pension liability	(134,819)	
OPEB liability	<u>(215,233)</u>	(2,290,499)
Deferred inflows of resources related to pensions are not reported in the funds		(189,210)
Deferred inflows of resources related to OPEB are not reported in the funds		(139,949)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		<u>(59,110)</u>
Net position of governmental activities		<u>\$ 3,067,457</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, 2023

Exhibit 5

	General Fund	ARPA Fund	FEMA Assistance Fund	Other Governmental Funds	Total Governmental Funds
Revenues:					
Ad valorem taxes	\$ 969,542	\$ -	\$ -	\$ -	\$ 969,542
Other taxes and licenses	778,395	-	-	-	778,395
Unrestricted intergovernmental	84,021	-	-	-	84,021
Restricted intergovernmental	80,753	505,915	349,779	108,653	1,045,100
Permits and fees	10,278	-	-	-	10,278
Sales and services	195,336	-	-	-	195,336
Investment earnings	41,371	-	-	573	41,944
Other revenues	113,189	-	-	5,474	118,663
Total revenues	<u>2,272,885</u>	<u>505,915</u>	<u>349,779</u>	<u>114,700</u>	<u>3,243,279</u>
Expenditures:					
Current:					
General government	679,460	-	349,779	108,653	1,137,892
Public safety	889,876	-	-	300	890,176
Transportation	664,061	-	-	-	664,061
Environmental protection	218,868	-	-	-	218,868
Cultural and recreation	68,899	-	-	-	68,899
Debt service:					
Principal	23,719	-	-	-	23,719
Interest on other charges	48,478	-	-	-	48,478
Total expenditures	<u>2,593,361</u>	<u>-</u>	<u>349,779</u>	<u>108,953</u>	<u>3,052,093</u>
Revenues over (under) expenditures	<u>(320,476)</u>	<u>505,915</u>	<u>-</u>	<u>5,747</u>	<u>191,186</u>
Other Financing Sources/(Uses):					
Transfers to/(from) other funds	405,915	(505,915)	-	-	(100,000)
Total other financing sources/(uses)	<u>405,915</u>	<u>(505,915)</u>	<u>-</u>	<u>-</u>	<u>(100,000)</u>
Net change in fund balances	<u>85,439</u>	<u>-</u>	<u>-</u>	<u>5,747</u>	<u>91,186</u>
Fund balances, beginning	<u>1,660,524</u>	<u>-</u>	<u>-</u>	<u>791</u>	<u>1,661,315</u>
Fund balances, ending	<u>\$ 1,745,963</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,538</u>	<u>\$ 1,752,501</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, 2023

Exhibit 6

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

Net change in fund balances - total governmental funds	\$ 91,186
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.	(22,812)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	102,263
Benefit payments paid and administrative expense for the law enforcement officers' special separation allowance are not included on the Statement of Activities	3,120
Other post employment benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	1,445
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	23,719
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	(4,101)
Pension expense	(121,627)
OPEB plan expense	(39,718)
Total changes in net position of governmental activities	<u>\$ 33,475</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, 2023

Exhibit 7

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Ad valorem taxes	\$ 963,100	\$ 963,100	\$ 969,542	\$ 6,442
Other taxes and licenses	689,100	689,100	778,395	89,295
Unrestricted intergovernmental	167,100	85,400	84,021	(1,379)
Restricted intergovernmental	384,700	384,700	486,668	101,968
Permits and fees	17,000	17,000	10,278	(6,722)
Sales and services	212,000	212,000	195,336	(16,664)
Investment earnings	700	700	41,371	40,671
Other revenue	100,550	100,550	113,189	12,639
Total revenues	<u>2,534,250</u>	<u>2,452,550</u>	<u>2,678,800</u>	<u>226,250</u>
Expenditures				
Current:				
General government	743,580	754,380	679,460	74,920
Public safety	967,295	967,295	889,876	77,419
Transportation	611,100	664,100	664,061	39
Environmental protection	220,600	220,600	218,868	1,732
Cultural and recreation	111,200	70,200	68,899	1,301
Debt service:				
Principal retirement	23,800	23,800	23,719	81
Interest and other charges	48,500	48,500	48,478	22
Total expenditures	<u>2,726,075</u>	<u>2,748,875</u>	<u>2,593,361</u>	<u>155,514</u>
Revenues over (under) expenditures	<u>(191,825)</u>	<u>(296,325)</u>	<u>85,439</u>	<u>381,764</u>
Other Financing Sources (Uses)				
Transfers in from other funds	191,825	296,325	-	(296,325)
Total other financing sources (uses)	<u>191,825</u>	<u>296,325</u>	<u>-</u>	<u>(296,325)</u>
Fund balance appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net changes in fund balances	<u>\$ -</u>	<u>\$ -</u>	85,439	<u>\$ 85,439</u>
Fund balances, beginning			1,660,524	
Fund balances, ending			<u>\$ 1,745,963</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, 2023

Exhibit 8

	Business-Type Activities
	Enterprise Funds
	Water Fund
Assets	
Current assets:	
Cash and cash equivalents	\$ 788,379
Accounts receivable, net - billed	92,243
Accounts receivable, net - unbilled	50,728
Other accounts receivable	23,750
Due from other funds	20,615
Inventories	41,532
Restricted cash and cash equivalents	32,976
Total current assets	<u>1,050,223</u>
Non-current assets:	
Right of use asset, net of amortization	<u>81,428</u>
Capital assets:	
Land and other non-depreciable assets	2,113,648
Other capital assets, net of depreciation	<u>5,090,528</u>
Total capital assets	<u>7,204,176</u>
Total assets	<u>8,335,827</u>
Deferred Outflows of Resources	
Other post employment benefit deferrals	30,780
Pension deferrals	<u>101,531</u>
Total deferred outflows of resources	<u>132,311</u>
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	25,732
General obligation bonds payable - current	8,000
Revenue bonds payable - current	48,000
Lease liabilities - current	17,846
Compensated absences - current	4,442
Customer deposits	32,976
Total current liabilities	<u>136,996</u>
Noncurrent liabilities:	
Compensated absences	17,440
General obligation bonds	33,000
Revenue bonds	2,131,000
Lease liabilities	60,375
Net pension liability	157,396
Total OPEB liability	<u>92,243</u>
Total liabilities	<u>2,628,450</u>
Deferred Inflows of Resources	
Other post employment benefit deferrals	81,090
Pension deferrals	<u>4,394</u>
Total deferred inflows of resources	<u>85,484</u>
Net Position	
Net investment in capital assets	4,987,383
Unrestricted	766,821
Total net position	<u>\$ 5,754,204</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, 2023

Exhibit 9

	Business-Type Activities
	<u>Enterprise Funds</u>
	<u>Water Fund</u>
Operating revenues:	
Charges for services	\$ 982,946
Other operating revenues	52,550
Total operating revenues	<u>1,035,496</u>
Operating expenses:	
Administration	254,617
Water treatment and distribution	682,802
Depreciation and amortization	174,415
Total operating expenses	<u>1,111,834</u>
Operating income	<u>(76,338)</u>
Non-operating revenues (expenses):	
Investment earnings	17,933
Interest on long-term debt	(71,649)
Total non-operating revenues (expenses)	<u>(53,716)</u>
Net gain before contributions and transfers	(130,054)
Capital contribution	198,110
Transfers from/(to) other funds	<u>100,000</u>
Change in net fund position	168,056
Total net position - beginning	<u>5,586,148</u>
Total net position, ending	<u>\$ 5,754,204</u>

TOWN OF JONESVILLE, NORTH CAROLINA
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2023

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	\$ 1,308,161
Cash paid for goods and services	(1,174,348)
Cash paid to or on behalf of employees for services	43,338
Net cash provided by operating activities	<u>177,151</u>
Cash flows from noncapital financing activities:	
Decrease in due to other funds	(62,751)
decrease in due from other governments	(12,630)
Transfers from (to) other funds	100,000
Total cash flows used in noncapital financing activities	<u>24,619</u>
Cash flows from capital and related financing activities:	
Acquisition of right of use assets	(43,971)
Acquisition and construction of capital assets	(22)
Principal paid on bond maturities and notes payable	(22,306)
Interest paid on bond maturities and notes payable	(71,649)
Net cash used in capital and related financing activities	<u>(137,948)</u>
Cash flows from investing activities:	
Interest on investments	17,933
Net cash provided by investing activities	<u>17,933</u>
Net increase in cash and cash equivalents	81,755
Balances, beginning	739,600
Balances, ending	<u>\$ 821,355</u>

(Continued)

TOWN OF JONESVILLE, NORTH CAROLINA
Statement of Cash Flows (Continued)
Proprietary Fund
Year Ended June 30, 2023

Exhibit 10

	Business-Type Activities
	<u>Enterprise Funds</u>
	Water Fund
	<u>\$ (76,338)</u>
Operating loss	
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	160,885
Amortization	13,530
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	262,840
Deferred outflows of resources-pensions and OPEB	(38,926)
Increase (decrease) in:	
Accounts payable and accrued liabilities	(236,929)
Customer deposits	9,825
Deferred inflows of resources-pensions and OPEB	5,886
Pensions and OPEB liabilities	85,713
Accrued vacation	(9,335)
Total adjustments	<u>253,489</u>
Net cash provided by operating activities	<u>\$ 177,151</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 financials statements present the Town and its component unit, a legally separate entity for which the Town is financially accountable. The discretely presented component unit presented below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town.

Jonesville Tourism Development Authority

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

Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and for each function of the Town's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a specific program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the Town's funds. Separate statements for each fund category- *governmental and proprietary*- are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as non-major funds.

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

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

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, 2023, consists of the following:

Governmental Activities	
General Fund:	
Streets	\$ 35,605
ARPA Funds:	
ARPA grant	200,000
Police Special Fund:	
Drug funds	26,091
CARES Grant Fund:	
CARES grant	25
FEMA Assistance Fund:	
FEMA grant	38,129
Total governmental activities	<u>\$ 299,850</u>
Business-Type Activities	
Water Fund:	
Customer deposits	\$ 32,976
Total business-type activities	<u>\$ 32,976</u>
Total restricted cash	<u>\$ 332,826</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, 2022.

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 2023 fiscal year. In addition to liabilities the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has 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, 2023, the Town's deposits had a carrying amount of \$2,294,736 and a bank balance of \$2,430,716. 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, 2023, the Town's petty cash fund totaled \$1,000.

The carrying amount of deposits for the Tourism Authority was \$362,641 and the bank balance was \$369,175. Of the bank balance \$285,830 was covered by the federal depository insurance.

At June 30, 2023, the Town had \$29,183 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, 2023 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, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities:					
Capital assets not being depreciated:					
Land	\$ 1,281,008	\$ -	\$ -	\$ -	\$ 1,281,008
Construction in progress	-	-	-	-	-
Total capital assets not being depreciated	<u>1,281,008</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,281,008</u>
Capital assets being depreciated:					
Buildings and improvements	2,470,208	-	-	-	2,470,208
Equipment	459,111	182,207	-	-	641,318
Vehicles	439,889	-	35,397	-	404,492
Leasehold improvements	66,089	-	-	-	66,089
Total capital assets being depreciated	<u>3,435,297</u>	<u>182,207</u>	<u>35,397</u>	<u>-</u>	<u>3,582,107</u>
Less accumulated depreciation for:					
Buildings and improvements	933,650	68,150	-	-	1,001,800
Equipment	353,211	23,686	-	-	376,897
Vehicles	350,795	32,325	35,397	-	347,723
Leasehold improvements	9,441	13,218	-	-	22,659
Total accumulated depreciation	<u>1,647,097</u>	<u>137,379</u>	<u>35,397</u>	<u>-</u>	<u>1,749,079</u>
Total capital assets being depreciated, net	<u>1,788,200</u>				<u>1,833,028</u>
Government activity capital assets, net	<u>\$ 3,069,208</u>				<u>\$ 3,114,036</u>

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

Governmental Activities:	
General government	\$ 46,350
Public safety	47,263
Public works	24,603
Cultural and recreational	19,163
Total depreciation expense	<u>\$ 137,379</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	1,842,985	198,133	-	-	2,041,118
Total capital assets not being depreciated	<u>1,915,515</u>	<u>198,133</u>	<u>-</u>	<u>-</u>	<u>2,113,648</u>
Capital assets being depreciated:					
Buildings/improvements	54,421	-	-	-	54,421
Infrastructure	8,159,671	-	22,000	-	8,137,671
Vehicles	20,143	-	-	-	20,143
Total capital assets being depreciated	<u>8,234,235</u>	<u>-</u>	<u>22,000</u>	<u>-</u>	<u>8,212,235</u>
Less accumulated depreciation for:					
Buildings/improvements	13,077	1,361	-	-	14,438
Infrastructure	2,951,990	157,933	22,000	-	3,087,923
Vehicles	17,754	1,592	-	-	19,346
Total accumulated depreciation	<u>2,982,821</u>	<u>160,886</u>	<u>22,000</u>	<u>-</u>	<u>3,121,707</u>
Total capital assets being depreciated, net	<u>5,251,414</u>				<u>5,090,528</u>
Water fund capital assets, net	<u>\$ 7,166,929</u>				<u>\$ 7,204,176</u>

Discretely presented component unit

Activity for the Tourism Development Authority for the year ended June 30, 2023, 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	62,103	1,968	-	64,071
Total accumulated depreciation	<u>62,103</u>	<u>1,968</u>	<u>-</u>	<u>64,071</u>
Government activity capital assets, net	<u>\$ 24,287</u>			<u>\$ 22,319</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, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Remeasurement	Ending Balances
Governmental Activities:					
Right of use assets					
Leased vehicles	\$ 339,829	\$ -	\$ -	\$ (527)	\$ 339,302
Total right of use assets	<u>339,829</u>	<u>-</u>	<u>-</u>	<u>(527)</u>	<u>339,302</u>
Less accumulated amortization for:					
Leased vehicles	44,018	68,004	-	(890)	111,132
Total accumulated amortization	<u>44,018</u>	<u>68,004</u>	<u>-</u>	<u>(890)</u>	<u>111,132</u>
 Total right of use asset, net	 <u>\$ 295,811</u>				 <u>\$ 228,170</u>

Right of use asset activity for the Business-Type Activities for the year ended June 30, 2023, was as follows:

	Beginning Balances	Increases	Decreases	Remeasurement	Ending Balances
Water Fund:					
Right of use assets					
Leased vehicles	\$ 52,745	\$ 43,956	\$ -	\$ 15	\$ 96,716
Total right of use assets	<u>52,745</u>	<u>43,956</u>	<u>-</u>	<u>15</u>	<u>96,716</u>
Less accumulated amortization for:					
Leased vehicles	1,758	14,394	-	(864)	15,288
Total accumulated amortization	<u>1,758</u>	<u>14,394</u>	<u>-</u>	<u>(864)</u>	<u>15,288</u>
 Total right of use asset, net	 <u>\$ 50,987</u>				 <u>\$ 81,428</u>

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 \$53,549 at June 30, 2023. 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 \$140,236 at June 30, 2023. 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 \$32,756 at June 30, 2023. 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 \$38,661 at June 30, 2023. The right to use asset is discussed in more detail in the right of use asset section of this note.

The fifth agreement was executed on February 1, 2023, to lease maintenance vehicle and requires 60 monthly payments of \$767. 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 \$39,561 at June 30, 2023. 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, 2023, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
	\$ 17,846	\$ 1,532	\$ 18,234	\$ 1,143
2024	\$ 65,174	\$ 5,408	18,631	745
2025	66,987	3,595	18,189	338
2026	68,851	1,731	5,321	37
2027	25,530	203		
Total	<u>\$ 226,542</u>	<u>\$ 10,937</u>	<u>\$ 78,221</u>	<u>\$ 3,795</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. \$ 1,084,322

Annual debt service payments of the financing as of June 30, 2023, including interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2024	\$ 24,757	\$ 47,439
2025	25,840	46,356
2026	26,970	45,226
2027	28,150	44,046
2028	29,383	42,813
2029-2033	167,356	193,624
2034-2038	207,310	153,670
2039-2043	256,804	104,176
2044-2048	317,752	43,228
Total	<u>\$ 1,084,322</u>	<u>\$ 720,578</u>

At June 20, 2023, the Town had a legal debt margin of \$14,830,214.

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. \$ 41,000

The future minimum payment of the general obligation bonds as of June 30, 2023 are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 8,000	\$ 2,050
2025	8,000	1,650
2026	8,000	1,250
2027	8,000	850
2028	8,000	450
2029	1,000	50
Total	<u>\$ 41,000</u>	<u>\$ 6,300</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, 2023 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.

\$ 2,179,000

The future minimum payments of the revenue bonds as of June 30, 2023 are as follows:

<u>Year Ended June 30</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 48,000	\$ 59,923
2025	49,000	58,603
2026	50,000	57,255
2027	52,000	55,880
2028	53,000	54,450
2029-2034	289,000	249,481
2034-2038	331,000	207,516
2039-2043	380,000	159,363
2044-2048	433,000	104,282
2049-2053	494,000	41,414
Total	<u>\$ 2,179,000</u>	<u>\$ 1,048,167</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, 2023 is as follows:

Operating revenues	\$ 1,233,606
Operating expenses	<u>1,111,834</u>
Operating income	121,772
Nonoperating revenues (expenses)*	<u>11,534</u>
Income available for debt service	<u>\$ 133,306</u>
Debt service, principal and interest paid (revenue bond only)	\$ 111,250
Debt service coverage ratio	120%
*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 \$3,227,167. Principal and interest paid for the current year and total net revenues were \$107,188 and \$129,513, respectively.

Changes in Long-Term Liabilities

A summary of long-term debt as of June 30, 2023, is as follows:

	Beginning Balances	Increases	Decreases	Adjustments Remeasurement	Ending Balances	Current Portion
Governmental Activities:						
Construction financing	\$ 1,108,041	\$ -	\$ 23,719	\$ -	\$ 1,084,322	\$ 24,757
Lease liabilities	282,934	-	63,410	7,018	226,542	65,174
Compensated absences	55,009	4,101	-	-	59,110	11,660
Total OPEB liability	281,726	-	66,493	-	215,233	-
Net pension liability (LGERS)	172,744	456,839	-	-	629,583	-
Total pension liability (LEO)	255,931	-	121,112	-	134,819	-
Total governmental activity long-term liabilities	<u>\$ 2,156,385</u>	<u>\$ 460,940</u>	<u>\$ 274,734</u>	<u>\$ 7,018</u>	<u>\$ 2,349,609</u>	<u>\$ 101,591</u>
Business-Type Activities:						
General obligation bonds	\$ 49,000	\$ -	\$ 8,000	\$ -	\$ 41,000	\$ 8,000
Revenue bonds	2,225,000	-	46,000	-	2,179,000	48,000
Lease liabilities	46,527	30,071	-	1,623	78,221	17,846
Compensated absences	31,218	-	9,336	-	21,882	4,442
Total OPEB liability	120,740	-	28,497	-	92,243	-
Net pension liability	43,186	114,210	-	-	157,396	-
Total business-type long-term liabilities	<u>\$ 2,515,671</u>	<u>\$ 144,281</u>	<u>\$ 91,833</u>	<u>\$ 1,623</u>	<u>\$ 2,569,742</u>	<u>\$ 78,288</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 \$127,829 for the year ended June 30, 2023.

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, 2023, the Town reported a liability of \$786,979 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2021. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2023, the Town's proportion was 0.0140%, which was a decrease of 0.00013% from its proportion measured as of June 30, 2022.

For the year ended June 30, 2023, the Town recognized pension expense of \$219,724. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,910	\$ 3,325
Changes of assumptions	78,523	-
Net difference between projected and actual earnings on pension plan investments	260,105	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	7,286	18,644
Town contributions subsequent to the measurement date	127,829	-
	<u>\$ 507,653</u>	<u>\$ 21,969</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:

<u>Year Ended June 30:</u>	
2024	\$ 115,522
2025	91,474
2026	26,941
2027	123,918
Thereafter	-
	<u>\$ 357,855</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, 2022 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 8.25 percent, including inflation and productivity factor
Investment rate of return	6.50%, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2015.

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

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed income	33.0%	0.9%
Global equity	38.0%	6.5%
Real estate	8.0%	5.9%
Alternatives	8.0%	8.2%
Credit	7.0%	5.0%
Inflation protection	6.0%	2.7%
	<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 2021 asset, liability, and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

Discount rate - The discount rate used to measure the total pension liability was 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)	\$ 1,420,396	\$ 786,979	\$ 265,007

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, 2021, the Separation Allowance's membership consisted of:

Retirees receiving benefits	1
Active plan members	9
	10
	10

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

Inflation	2.5%
Salary increases	3.25 to 7.60 percent, including inflation and productivity factor
Discount rate	3.54%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2021.

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 \$134,819. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. 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, 2023, the Town recognized pension expense of \$27,026.

At June 30, 2023, 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	\$ 226	\$ 79,452
Changes of assumptions	43,027	42,922
Town benefit payments and plan administrative expenses made subsequent to the measurement date	-	-
	<u>\$ 43,253</u>	<u>\$ 122,374</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>	
2024	\$ (13,150)
2025	(12,324)
2026	(11,194)
2027	(11,156)
2028	(17,522)
Thereafter	(13,775)
	<u>\$ (79,121)</u>

Sensitivity of the Town's total pension liability to changes in the discount rate - The following presents the Town's total pension liability calculated using the discount rate of 4.31 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 (3.31%)	Discount Rate (4.31%)	1% Increase (5.31%)
	<u> </u>	<u> </u>	<u> </u>
Total pension liability	\$ 153,794	\$ 134,819	\$ 118,038

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	\$ 215,570
Service cost	15,659
Interest on the total pension liability	4,815
Differences between expected and actual experience in the measurements of the total pension liability	(56,408)
Changes in assumptions or other inputs	(41,697)
Benefit payments	(3,120)
Ending balance of the total pension liability	<u>\$ 134,819</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, 2021 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, 2023 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, 2022, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	5
Active plan members	19
	24
	24

Total OPEB Liability

The Town’s total OPEB liability of \$307,476 was measured as of June 30, 2022 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

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

Inflation	2.50%
Salary increases, including wage inflation	
General Employees	3.25% to 8.41%
Law Enforcement Officers	3.25% to 7.75%
Discount rate	3.54%
Healthcare cost trend rates	
Pre-Medicare	7.00% for 2021 decreasing to an ultimate rate of 4.50% by 2031

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		46,558
Interest		11,989
Changes of benefit term		-
Differences between expected and actual experience		(271,417)
Changes in assumptions or other inputs		31,587
Benefit payments		(14,275)
Ending Balance	<u>\$</u>	<u>307,476</u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 3.54%.

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

The actuarial assumptions used in the June 30, 2022 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 (1.16%) or 1 percentage point higher (3.16%) than the current discount rate:

	1% Decrease	Discount Rate (2.16)	1% Increase
Total OPEB liability	\$ 360,427	\$ 307,476	\$ 261,737

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	\$ 247,153	\$ 307,476	\$ 383,259

TOWN OF JONESVILLE, NORTH CAROLINA
Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

For the year ended June 30, 2023, the Town Recognized OPEB expense of \$41,162. At June 30, 2023, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,987	\$ 250,634
Changes of assumptions or other inputs	90,611	19,666
Town benefit payments and plan administrative expenses made subsequent to the measurement date	-	-
Total	\$ 102,598	\$ 270,300

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>	
2024	\$ (17,385)
2025	(17,385)
2026	(17,385)
2027	(15,618)
2023	(12,820)
Thereafter	(87,109)
	\$ (167,702)

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	\$ 219,724	\$ 7,286	\$ 41,162	\$ 268,172
Pension Liability	786,979	134,819	307,476	1,229,274
Proportionate share of the net pension liability	0.01408%	N/A	N/A	
Deferred of Outflows of Resources				
Differences between expected and actual experience	33,910	226	11,987	46,123
Changes of assumptions	78,523	43,027	90,611	212,161
Net difference between projected and actual earnings on plan investments	260,105	-	-	260,105
Changes in proportion and differences between contributions and proportionate share of Benefit payments and administrative costs paid subsequent to the measurement date	7,286	-	-	7,286
	127,829	-	-	127,829
Deferred of Inflows of Resources				
Differences between expected and actual experience	3,325	79,452	250,634	333,411
Changes of assumptions	-	42,922	19,666	62,588
Changes in proportion and differences between contributions and proportionate share of contributions	18,644	-	-	18,644

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	\$ 127,829	\$ -
Changes in assumptions	212,161	-
Differences between expected and actual experience	46,123	-
Net difference between projected and actual	260,105	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	7,286	-
	<u>\$ 653,504</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)	\$ -	\$ 130,324
Changes in assumptions	62,588	-
Differences between expected and actual experience	333,411	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	18,644	-
	<u>\$ 414,643</u>	<u>\$ 130,324</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 officer and tax collector are each individually bonded for \$1,000,000. The remaining employees that have access to funds are individually bonded for \$10,000. The Town's finance officer also acts as the finance officer for the Jonesville Tourism Development Authority and is individually bonded for \$1,000,000.

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, 2023, consisted of the following:

<u>Due From</u>	<u>Due to</u>	<u>Amount</u>
Police Special Fund	General Fund	\$ 19,553
CARES Grant Fund	General Fund	18,927
FEMA Assistance Fund	General Fund	302,459
FEMA Assistance Fund	Water Fund	20,615
		<u>\$ 361,554</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, 2023, consist of the following:

<u>Transfers to</u>	<u>Transfers from</u>	<u>Amount</u>
ARPA Fund	General Fund	\$ 405,915
ARPA Fund	Water Fund	100,000
		<u>\$ 505,915</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	\$ 1,745,963
Less:	
Stabilization by State Statute	608,480
Streets- Powell Bill	35,605
Remaining Fund Balance	<u>\$ 1,101,878</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.

TOWN OF JONESVILLE, NORTH CAROLINA

Notes to Financial Statements

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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.

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 Ten Fiscal Years*

Exhibit 11

Proportionate Share of Net Pension Liability:

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Proportionate of the net pension liability (asset)	0.0141%	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)	\$ 786,979	\$ 215,930	\$ 530,296	\$ 359,116	\$ 311,251	\$ 230,075	\$ 321,109	\$ 62,338	\$ (78,554)	\$ 182,013
Covered-employee payroll	1,005,459	1,005,459	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	78.27%	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%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%	96.45%

Contributions:

Contractually required contribution	\$ 127,829	\$ 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	<u>127,829</u>	<u>117,750</u>	<u>100,808</u>	<u>92,333</u>	<u>72,738</u>	<u>61,868</u>	<u>66,925</u>	<u>57,731</u>	<u>58,031</u>	<u>55,600</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 1,005,459	\$ 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	12.71%	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 Seven Fiscal Years*

Exhibit 12

Schedule of Changes in Total Pension Liability:

	2023	2022	2021	2020	2019	2018	2017
Beginning balance	\$ 215,570	\$ 224,178	\$ 157,285	\$ 157,642	\$ 157,830	\$ 149,061	\$ 139,626
Service cost	15,659	18,132	12,008	8,923	10,352	11,033	12,637
Interest on the total pension liability	4,815	4,297	5,077	5,681	4,855	5,562	4,924
Differences between expected and actual experience in the measurement of the total pension liability	(56,408)	(19,420)	(17,113)	(18,336)	1,661	(13,685)	-
Changes of assumptions or other inputs	(41,697)	(8,497)	70,041	6,495	(8,677)	15,813	(4,747)
Benefit payments	(3,120)	(3,120)	(3,120)	(3,120)	(8,379)	(9,954)	(3,379)
Ending balance of the total pension liability	<u>\$ 134,819</u>	<u>\$ 215,570</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	\$ 134,819	\$ 215,570	\$ 224,178	\$ 157,285	\$ 157,642	\$ 157,830	\$ 149,061
Covered payroll	346,848	371,073	386,965	303,735	302,192	376,867	436,903
Total pension liability as a percentage of covered payroll	38.87%	58.09%	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

	2023	2022	2021	2020	2019
Total OPEB Liability					
Service Cost	\$ 46,558	\$ 34,075	\$ 26,547	\$ 27,502	\$ 29,830
Interest	11,989	14,899	15,112	13,639	11,719
Changes of benefit terms	-	-	(38,771)	-	-
Differences between expected and actual experience	(271,417)	(3,817)	18,254	(1,148)	(3,264)
Changes of assumptions	31,587	78,276	2,509	(16,293)	(26,811)
Benefit payments	(14,275)	(23,812)	(17,260)	(19,449)	(15,927)
Net change in total OPEB liability	(195,558)	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>\$ 307,476</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	33.71%	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>
2023	3.50%
2022	3.50%
2021	3.50%
2020	3.89%
2019	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, 2023

Schedule 1
Page 1 of 3

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Taxes		\$ 960,463	
Penalties and interest		9,079	
Total ad valorem taxes	<u>\$ 963,100</u>	<u>969,542</u>	<u>\$ 6,442</u>
Other taxes and licenses:			
Beverage tax distributions		10,452	
Local option sales tax		603,937	
Utility sales tax		162,207	
Solid waste disposal		1,799	
Total other taxes and licenses	<u>689,100</u>	<u>778,395</u>	<u>89,295</u>
Unrestricted intergovernmental:			
ABC profit distribution		84,021	
Total unrestricted intergovernmental	<u>85,400</u>	<u>84,021</u>	<u>(1,379)</u>
Restricted intergovernmental:			
Powell Bill allocation		80,753	
Grant revenue		405,915	
Total restricted intergovernmental	<u>384,700</u>	<u>486,668</u>	<u>101,968</u>
Permits and fees:			
Building, sign and zoning		9,399	
Ticket fees		879	
Total permits and fees	<u>17,000</u>	<u>10,278</u>	<u>(6,722)</u>
Sales and services:			
Garbage collection fees		194,661	
Recreation department fees		675	
Total sales and services	<u>212,000</u>	<u>195,336</u>	<u>(16,664)</u>
Investment earnings	<u>700</u>	<u>41,371</u>	<u>40,671</u>
Miscellaneous	<u>100,550</u>	<u>113,189</u>	<u>12,639</u>
Total Revenues	<u>2,452,550</u>	<u>2,678,800</u>	<u>226,250</u>

(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, 2023

Schedule 1

Page 2 of 3

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Governing body:			
Salaries and wages		\$ 10,500	
Employee benefits		803	
Administrative		47,430	
Supplies and fees		1,063	
Other		788	
Total	\$ 84,040	60,584	\$ 23,456
Administration:			
Salaries and wages		258,628	
Employee benefits		107,580	
Operating services		64,253	
Property services		7,398	
Administrative		10,771	
Supplies and fees		8,879	
Other		5,075	
Total	471,740	462,584	9,156
Planning and development:			
Operating services		19,868	
Total	65,500	19,868	45,632
Buildings and grounds:			
Property services		84,407	
Supplies and fees		52,017	
Total	133,100	136,424	(3,324)
Total general government	754,380	679,460	74,920
Public safety:			
Police:			
Salaries and wages		510,874	
Employee benefits		183,367	
Operating services		32,516	
Property services		30,288	
Administrative		75	
Supplies and fees		50,263	
Capital outlay		79,579	
Other		2,914	
Total	967,295	889,876	77,419
Total public safety	967,295	889,876	77,419

(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, 2023

	Budget	Actual	Variance Positive (Negative)
Expenditures (Continued):			
Transportation:			
Streets-Powell Bill:			
Salaries and wages		\$ 132,210	
Employee benefits		55,039	
Operating services		6,529	
Property services		184,250	
Supplies and fees		25,049	
Capital outlay		175,305	
Other		85,679	
Total	\$ 664,100	664,061	\$ 39
Environmental protection:			
Operating services		215,996	
Other		2,872	
Total	220,600	218,868	1,732
Culture and recreation:			
Property services		59,638	
Other		9,261	
Total	70,200	68,899	1,301
Debt service:			
Principal retirement		23,719	
Interest and other charges		48,478	
Total	72,300	72,197	103
Total expenditures	2,748,875	2,593,361	155,514
Revenue over (under) expenditures	(296,325)	85,439	381,764
Other financing sources (uses):			
Transfers in from other funds	296,325	-	(296,325)
Total other financing sources (uses)	296,325	-	(296,325)
Net change in fund balance	\$ -	85,439	\$ 85,439
Fund balances, beginning		1,660,524	
Fund balances, ending		\$ 1,745,963	

TOWN OF JONESVILLE, NORTH CAROLINA
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2023

Schedule 2

	Police Special Fund	CARES Grant Fund	Total Nonmajor Governmental Funds
Assets			
Current assets:			
Restricted cash and cash equivalents	\$ 26,091	\$ 25	\$ 26,116
Accounts receivable	-	54,173	54,173
Total assets	<u>\$ 26,091</u>	<u>\$ 54,198</u>	<u>\$ 80,289</u>
Liabilities and Fund Balances			
Liabilities:			
Accounts payable	\$ -	\$ 35,271	\$ 35,271
Unearned revenue	-	-	-
Due to other funds	19,553	18,927	38,480
Total liabilities	<u>19,553</u>	<u>54,198</u>	<u>73,751</u>
Fund Balances:			
Restricted			
Grant funds	6,538	-	6,538
Total fund balances	<u>6,538</u>	<u>-</u>	<u>6,538</u>
Total liabilities and fund balances	<u>\$ 26,091</u>	<u>\$ 54,198</u>	<u>\$ 80,289</u>

TOWN OF JONESVILLE, NORTH CAROLINA

Schedule 3

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

Nonmajor Governmental Funds

Year Ended June 30, 2023

	Police Special Fund	CARES Grant Fund	Total Nonmajor Governmental Funds
Revenues:			
Restricted intergovernmental	\$ -	\$ 108,653	\$ 108,653
Investment earnings	573	-	573
Other revenues	5,474	-	5,474
Total revenues	<u>6,047</u>	<u>108,653</u>	<u>114,700</u>
Expenditures:			
Current:			
General government:			
Administration:			
Other operating expenses	-	108,653	108,653
Public safety	300	-	300
Total expenditures	<u>300</u>	<u>108,653</u>	<u>108,953</u>
Net change in fund balances	<u>5,747</u>	<u>-</u>	<u>5,747</u>
Fund balances, beginning	<u>791</u>	<u>-</u>	<u>791</u>
Fund balances, ending	<u>\$ 6,538</u>	<u>\$ -</u>	<u>\$ 6,538</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, 2023

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	\$ 100	\$ 573	\$ (473)
Other revenues	3,900	5,474	(1,574)
Total revenues	<u>4,000</u>	<u>6,047</u>	<u>(2,047)</u>
Expenditures:			
Equipment and supplies	4,000	300	3,700
Total expenditures	<u>4,000</u>	<u>300</u>	<u>3,700</u>
Net change in fund balance	<u>\$ -</u>	5,747	<u>\$ 1,653</u>
Fund balances, beginning		<u>791</u>	
Fund balances, ending		<u>\$ 6,538</u>	

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

CARES Grant Funds

For the Year Ended June 30, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Revenues:			
Grant funds	\$ 295,650	\$ 108,654	\$ (186,996)
Total revenues	<u>295,650</u>	<u>108,654</u>	<u>(186,996)</u>
Expenditures:			
General government:			
Administration:			
Salaries and employee benefits	32,450	29,127	3,323
Other operating expenses	<u>263,200</u>	<u>79,527</u>	<u>183,673</u>
Total expenditures	<u>295,650</u>	<u>108,654</u>	<u>186,996</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, 2023

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Water Sales:			
Residential, commercial and residential		\$ 932,584	
Other operating revenues		71,767	
Total operating revenues	<u>\$ 896,100</u>	<u>1,004,351</u>	<u>\$ 108,251</u>
Non-Operating Revenues:			
Interest on investments	<u>550</u>	<u>17,933</u>	<u>17,383</u>
Total revenues	<u>896,650</u>	<u>1,022,284</u>	<u>125,634</u>
Expenditures:			
Water administration	<u>56,600</u>	<u>68,690</u>	<u>(12,090)</u>
Water treatment and distribution:			
Salaries and wages		237,966	
Employee benefits		70,384	
Operating services		123,487	
Property services		237,300	
Administrative		8,974	
Supplies and fees		115,321	
Other		116	
Total water treatment and distribution	<u>814,280</u>	<u>793,548</u>	<u>20,732</u>
Debt service:			
Interest costs		64,816	
Principal retirement		54,000	
Total debt service	<u>151,170</u>	<u>118,816</u>	<u>32,354</u>
Total expenditures	<u>1,022,050</u>	<u>981,054</u>	<u>40,996</u>
Revenues over (under) expenditures	<u>(125,400)</u>	<u>41,230</u>	<u>166,630</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, 2023

	<u>Budget</u>	<u>Actual</u>	Variance Positive (Negative)
Transfer to/(from) other funds	<u>\$ (125,400)</u>	<u>\$ (100,000)</u>	<u>\$ (25,400)</u>
Revenues and other financing sources over expenditures, other financing uses and transfers	<u>\$ (250,800)</u>	\$ 141,230	<u>\$ 141,230</u>
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Reconciling items:			
Principal retirement		54,000	
Capital outlay		198,133	
State grants		198,110	
Capital project fund expenditures		(198,133)	
Depreciation		(160,886)	
Change in receivables and allowance		39,644	
Change in other operating revenue receivables		(8,498)	
Change in accounts payable and other accruals		661	
Change in accrued vacation		(9,336)	
Increase in deferred outflows of resources - OPEB		4,730	
Decrease in deferred inflows of resources - pension		61,635	
Increase in deferred inflows of resources - OPEB		(67,521)	
Increase in pension liability		(114,210)	
Decrease in OPEB liability		<u>28,497</u>	
Total reconciling items		<u>26,826</u>	
Change in net position		<u>\$ 168,056</u>	

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, 2023

Schedule 7

	Project Authorization	Prior Years	Actual Current Year	Total
Revenues:				
Restricted intergovernmental:				
State grants	\$ 2,156,200	\$ 1,856,357	\$ 198,110	\$ 2,054,467
Total revenues	<u>2,156,200</u>	<u>1,856,357</u>	<u>198,110</u>	<u>2,054,467</u>
Expenditures:				
Capital outlay	2,156,200	1,842,985	198,133	2,041,118
Total expenditures	<u>2,156,200</u>	<u>1,842,985</u>	<u>198,133</u>	<u>2,041,118</u>
Revenues over expenditures	<u>\$ -</u>	<u>\$ 13,372</u>	<u>\$ (23)</u>	<u>\$ 13,349</u>

OTHER SCHEDULES

TOWN OF JONESVILLE, NORTH CAROLINA
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2023

Schedule 1

Fiscal Year	Uncollected Balance July 1, 2022	Additions	Collections, and Credits	Uncollected Balance June 30, 2023
2022-2023	\$ -	\$ 926,889	\$ 891,698	\$ 35,191
2021-2022	22,601	-	8,165	14,436
2020-2021	46,307	-	5,123	41,184
2019-2020	24,467	-	2,299	22,168
2018-2019	12,234	-	752	11,482
2017-2018	8,759	-	1,391	7,368
2016-2017	6,375	-	647	5,728
2015-2016	4,304	-	388	3,916
2014-2015	2,919	-	-	2,919
2013-2014	2,013	-	-	2,013
2012-2013	1,880	-	-	1,880
Total	\$ 131,859	\$ 926,889	\$ 910,463	148,285
Less: allowance for uncollectible ad valorem taxes receivable				13,778
Ad valorem taxes receivable - net				\$ 134,507
<u>Reconciliation to revenues:</u>				
Ad valorem taxes - general fund				\$ 969,542
Reconciling items:				
Vehicle Tag fees				(53,084)
Taxes written off				3,084
Penalties and interest				(9,079)
Total collections and credits				\$ 910,463

TOWN OF JONESVILLE, NORTH CAROLINA
Analysis of Current Year Tax Levy
Town-Wide Levy
For the Fiscal Year Ended June 30, 2023

Schedule 2

	Property Valuation (in Thousand)	Town-wide Rate	Total Levy	Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxes at current year rate	\$ 179,441,308	0.50	\$ 897,207	\$ 805,645	\$ 91,562
Total	179,441,308		897,207	805,645	91,562
Discoveries:					
Current and prior years	5,936,370	0.50	29,682	29,682	-
Total property value	\$ 185,377,678				
Net levy			926,889	835,327	91,562
Uncollected taxes at June 30, 2023			35,191	35,191	-
Current year's taxes collected			\$ 891,698	\$ 800,136	\$ 91,562
Current levy collection percentage			96.20%	95.79%	100.00%

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, 2023, and the related notes to the financial statements, which collectively comprise the Town’s basic financial statements, and have issued our report thereon dated January 9, 2024.

Report on 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) as a basis for designing 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

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
January 9, 2024



**Independent Auditor's Report on Compliance
for The Major Program and Report 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 program for the year ended June 30, 2023. Town of Jonesville, North Carolina's major federal program is 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 major federal program for the year ended June 30, 2023.

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
January 9, 2024

TOWN OF JONESVILLE, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2023

Grantor/Pass-through Grantor/Program Title	Federal 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	\$ 314,801	\$ 34,978
<u>U.S. Department of Housing and Urban Development</u>				
Passed through North Carolina Department of Environmental Quality:				
CDBG Corona virus	14.228	CDBG-CV 20-V-3529	108,653	-
<u>U.S. Department of Treasury</u>				
Passed through the State of North Carolina				
ARPA	21.027		505,915	-
<u>N.C. Department of Transportation:</u>				
Powell Bill			-	80,753
Total assistance			<u>\$ 929,369</u>	<u>\$ 115,731</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, 2023. The information in this SEFSA is presented in accordance with the requirements of Title 2 *U.S. 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, 2023. 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 \$35,605.

TOWN OF JONESVILLE, NORTH CAROLINA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2023

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?	<u> </u> yes	<u> X </u> no	
(b) Significant deficiency(ies)?	<u> </u> yes	<u> X </u> none reported	
Noncompliance material to financial statements noted?	<u> </u> yes	<u> X </u> no	

State Awards

Internal control over major programs:			
(a) Material weakness(es) identified	<u> </u> yes	<u> X </u> no	
(b) Significant deficiency(ies) identified?	<u> </u> yes	<u> X </u> none reported	
Noncompliance material to state awards	<u> </u> 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> ?	<u> </u> yes	<u> X </u> no	
Identification of major programs:			

Federal Assistance Listing No. - Name of Federal Program
21.027 - ARPA

Dollar threshold used to distinguish between Type A and Type B Programs	\$	<u> 750,000 </u>
Auditee qualified as low risk auditee?	<u> </u> yes	<u> X </u> 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, 2023

Section IV - Summary Schedule of Prior Audit Findings

None reported