TOWN OF JONESVILLE, NORTH CAROLINA

FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2025

Town Council Members

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

Administrative and Financial Staff

Wenona C. Thompson, Town Manger/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 financial statements of the governmental activities, the business-type activities, the discretely presented component unit, 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, 2025, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows 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 (GAAS) 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 and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town'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 GAAS 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 GAAS 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's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis; the Local Government Employees' Retirement System - Schedules of the Proportionate Share of the Net Pension Liability, and Contributions, the Law Enforcement Officers' Special Separation Allowance - Schedules of Changes in Total Pension Liability, and Total Pension Liability as a Percentage of Covered Payroll; and the Other Post-Employment Benefits - Schedule of Changes in the Total OPEB Liability and Related Ratios as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which 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 Town's basic financial statements. The accompanying individual fund budgetary schedules and other schedules, as listed on the table of contents, and Schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, 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, the individual fund budgetary schedules and other schedules, and Schedule of expenditures of federal and state awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards 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 30, 2026 on our consideration of the Town'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 the results of that testing, and not to provide an opinion on the effectiveness of The Town's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town's internal control over financial reporting and compliance.

Bernard Robinson & Company, L.L.P.

Greensboro, North Carolina
January 30, 2026

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, 2025. 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

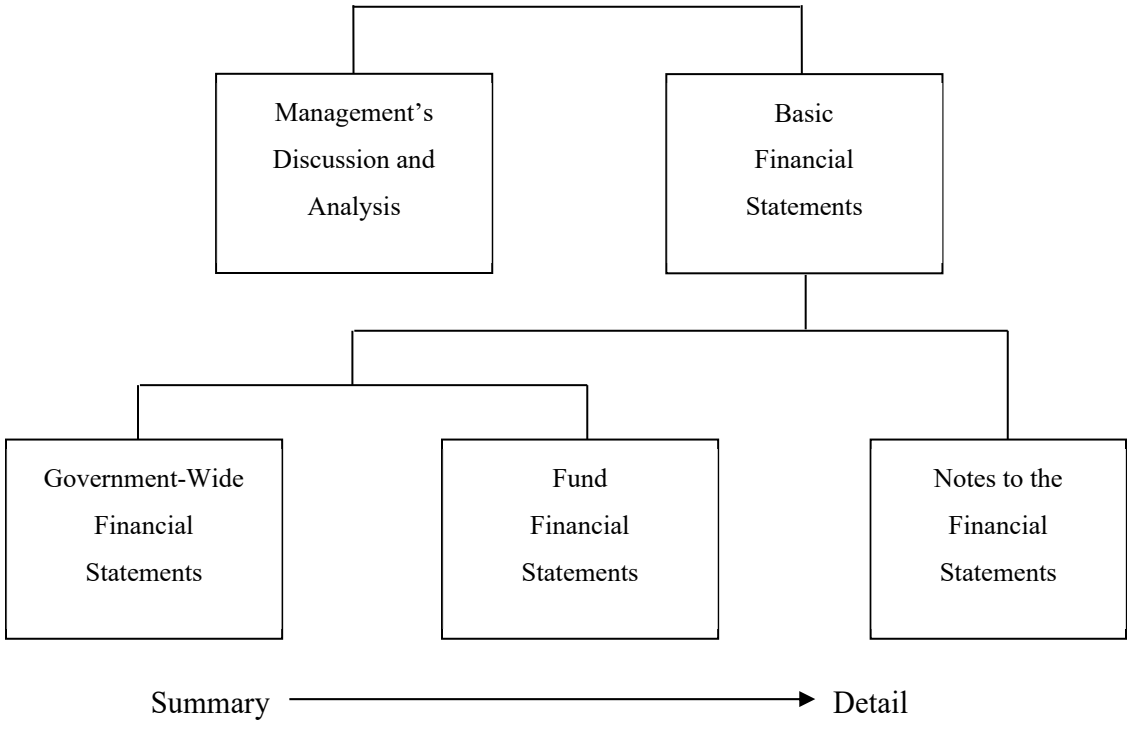
- The assets and deferred outflows of resources of the Town exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $10,621,100 (net position).
- The government's total net position increased by $1,085,729 primarily due to grants received for capital projects.
- As of the close of the current fiscal year, the Town's total governmental funds reported combined ending fund balances of $2,396,974 with a net change of $261,747 in fund balance. Approximately 56% of this total amount or $1,340,122 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $1,071,952, or approximately 40% 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



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.

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.

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

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Assets:						
Current and other assets	$ 5,778,471	$ 5,711,861	$ 1,279,684	$ 1,275,793	$ 7,058,155	$ 6,987,654
Right of use assets	92,161	160,166	42,384	61,906	134,545	222,072
Capital assets	4,166,452	2,986,695	7,776,168	7,266,528	11,942,620	10,253,223
Deferred outflows of resources	453,258	579,494	114,182	140,030	567,440	719,524
Total assets	10,490,342	9,438,216	9,212,418	8,744,257	19,702,760	18,182,473
Liabilities:						
Current liabilities	3,404,701	3,552,902	215,693	139,420	3,620,394	3,692,322
Long-term liabilities	2,386,758	2,264,998	2,655,954	2,429,302	5,042,712	4,694,300
Deferred inflows of resources	323,879	331,041	94,675	96,058	418,554	427,099
Total liabilities	6,115,338	6,148,941	2,966,322	2,664,780	9,081,660	8,813,721
Net Position:						
Net invested in capital assets	2,844,562	1,909,819	5,289,411	5,104,059	8,133,973	7,013,878
Restricted	1,340,122	423,062	-	-	1,340,122	423,062
Unrestricted	190,320	956,394	956,685	975,418	1,147,005	1,931,812
Total net position	$ 4,375,004	$ 3,289,275	$ 6,246,096	$ 6,079,477	$ 10,621,100	$ 9,368,752

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 $10,621,100 as of June 30, 2025. The Town's net position increased by $1,252,348 for the fiscal year ended June 30, 2025. However, the largest portion, 77%, 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, $1,340,122, represents resources that are subject to external restrictions on how they may be used. The remaining balance of $1,147,005 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 decreased approximately 1.0% while related expenses increased approximately 1.0%. 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 in prior year.

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

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Revenues:						
Program revenues:						
Charges for services	$ 240,245	$ 206,665	$ 1,097,500	$ 1,104,369	$ 1,337,745	$ 1,311,034
Operating grants and contributions	390,256	373,229	-	-	390,256	373,229
Capital grants and contributions	1,643,823	-	293,781	279,926	1,937,604	279,926
General revenues:						
Property taxes	1,168,766	1,205,661	-	-	1,168,766	1,205,661
Other taxes	826,021	774,359	-	-	826,021	774,359
Unrestricted intergovernmental	99,817	35,028	30,122	27,265	129,939	62,293
Other	414,312	295,083	-	-	414,312	295,083
Total revenues	4,783,240	2,890,025	1,421,403	1,411,560	6,204,643	4,301,585
Expenses:						
General government	1,577,233	888,059	-	-	1,577,233	888,059
Public safety	522,100	432,447	-	-	522,100	432,447
Transportation	1,164,537	1,032,737	-	-	1,164,537	1,032,737
Environmental protection	236,030	222,349	-	-	236,030	222,349
Cultural and recreation	135,672	34,605	-	-	135,672	34,605
Interest on long-term debt	61,939	58,010	-	-	61,939	58,010
Water and sewer	-	-	1,254,784	1,086,287	1,254,784	1,086,287
Total expenses	3,697,511	2,668,207	1,254,784	1,086,287	4,952,295	3,754,494
Increase in net position before transfers	1,085,729	221,818	166,619	325,273	1,252,348	547,091
Increase in net position	1,085,729	221,818	166,619	325,273	1,252,348	547,091
Net position, July 1,	3,289,275	3,067,457	6,079,477	5,754,204	9,368,752	8,821,661
Net position, June 30,	$ 4,375,004	$ 3,289,275	$ 6,246,096	$ 6,079,477	$ 10,621,100	$ 9,368,752

Governmental Activities - Governmental activities increased the Town's net position by $1,085,729. The key element of this increase was an increase in capital grants.

Business-Type Activities - Business-type activities increased the Town's net position by $166,619. The key element of this increase was relatively comparable revenues and expenses compared to prior year.

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.

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 $1,071,952, while the total fund balance reached $2,403,198. The Town currently has an available fund balance of 40% of General Fund expenditures, while total fund balance represents 89% of the same amount.

At June 30, 2025, the governmental funds of the Town of Jonesville, North Carolina reported a combined fund balance of $2,396,974 with a net increase of $261,747.

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 $956,685. The total change in net position for the utility fund was an increase of $166,619 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, 2025, totals $11,942,620 (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	
	2025	2024	2025	2024	2025	2024
Land	$ 1,570,887	$ 1,281,008	$ 72,530	$ 72,530	$ 1,643,417	$ 1,353,538
Construction in progress	1,035,494	-	1,149,819	453,748	2,185,313	453,748
Buildings/Plant	1,332,259	1,400,309	6,553,819	6,740,250	7,886,078	8,140,559
Equipment	204,417	247,357	-	-	204,417	247,357
Vehicles and motorized equipment	6,400	27,809	-	-	6,400	27,809
Leasehold improvements	16,995	30,212	-	-	16,995	30,212
Total	$ 4,166,452	$ 2,986,695	$ 7,776,168	$ 7,266,528	$ 11,942,620	$ 10,253,223

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

Long-Term Debt - As of June 30, 2025, the Town had total debt outstanding of $3,790,725.

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

	Governmental Activities		Business-Type Activities		Totals	
	2025	2024	2025	2024	2025	2024
Construction loan	$ 1,033,725	$ 1,059,565	$ -	$ -	$ 1,033,725	$ 1,059,565
Installment purchase	270,000	-	380,000	-	650,000	-
General obligation bonds	-	-	25,000	33,000	25,000	33,000
Revenue bonds	-	-	2,082,000	2,131,000	2,082,000	2,131,000
Lease liabilities	94,381	161,368	42,141	60,375	136,522	221,743
OPEB	225,547	195,999	96,663	83,999	322,210	279,998
Pension related liability (LGERS)	639,469	716,512	159,867	179,128	799,336	895,640
Pension related liability (LEO)	172,141	163,824	-	-	172,141	163,824
Compensated absences	81,261	76,666	28,164	21,907	109,425	98,573
Total	$ 2,516,524	$ 2,373,934	$ 2,813,835	$ 2,509,409	$ 5,330,359	$ 4,883,343

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, 2025, the Town of Jonesville, North Carolina had a legal debt margin of approximately $18,246,000.

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 affect the growth and prosperity of the Town of Jonesville and were considered in developing the Fiscal Year 2025/2026 budget.

- The commercial and residential real estate market has slowed down. Rental properties are limited due to the need for more affordable housing. Landlords continue to keep waiting lists as in years past. Jonesville has issued double the amount primary structure permits over the prior fiscal year.
- Jonesville's state revenues received increased by approximately 7% over the prior fiscal year. While state revenues received are estimated to be higher for Fiscal Year 2025/2026, the budgeted amount is conservatively lower than those received in Fiscal Year 2024/2025 for this reason.
- PVH, LLC, announced plans to move operations out of Jonesville and North Carolina effective October 2025. This will not affect the tax base for Fiscal Year 2025/2026. Their move will affect water revenue with a decrease of approximately $26,000 annually.
- Hotels within Jonesville are currently or plan to begin interior renovations during Fiscal Year 2025/2026. This will affect the receipts of accommodation tax received.

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.

Budget Highlights for the Fiscal Year Ending June 30, 2025

Governmental Activities – The Town Council approved $2,880,700 annual budget for Fiscal Year 2025/2026, an increase of 11% over the original approved Fiscal Year 2024/2025 budget. The Town Council established a tax rate at $.50 per $100 at full assessed valuation. Jonesville properties taxes were assessed based on a levy value of $209,430,143. Town Council set forth the budget to provide the same services without an increase to the citizens. An appropriation of fund balance for Fiscal Year 2025/2026 was made to cover maintaining and improving existing infrastructure, capital projects, and operational continuity for departments.

Business-Type Activities – The Town Council approved $1,030,000 annual budget for Fiscal Year 2025/2026, a decrease of 2% from the original approved Fiscal Year 2024/2025 budget. The Town Council approved not to increase water rates while current infrastructure projects are underway. The landfill and recycling rates were increased by 15%.

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

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Jonesville Tourism Development Authority
Assets				
Current assets:				
Cash and cash equivalents	$ 1,083,035	$ 842,773	$ 1,925,808	$ 380,798
Cash and cash equivalents-restricted	3,364,330	47,214	3,411,544	-
Taxes receivables, net	66,530	-	66,530	-
Accounts receivable, net	90,154	348,165	438,319	42,469
Due from other governments	1,170,080	-	1,170,080	-
Due (to)/from other component units	4,342	-	4,342	(4,342)
Inventories	-	41,532	41,532	-
Total current assets	5,778,471	1,279,684	7,058,155	418,925
Non Current Assets:				
Right of use asset:				
Leased vehicles, net of amortization	92,161	42,384	134,545	-
Capital assets:				
Land, improvements, and construction in progress	2,606,381	1,222,349	3,828,730	-
Other capital assets, net of depreciation	1,560,071	6,553,819	8,113,890	18,382
Total capital assets	4,166,452	7,776,168	11,942,620	18,382
Total assets	10,037,084	9,098,236	19,135,320	437,307
Deferred Outflows of Resources				
Other post employment benefit deferrals	65,828	28,212	94,040	-
Pension deferrals	387,430	85,970	473,400	-
	453,258	114,182	567,440	-

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	Jonesville Tourism Development Authority
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	$ 9,171	$ 10,598	$ 19,769	$ -
Customer deposits	-	47,214	47,214	-
Unearned revenue	3,265,764	-	3,265,764	-
Current portion of long-term liabilities	129,766	157,881	287,647	-
Total current liabilities	3,404,701	215,693	3,620,394	-
Long-term liabilities:				
Net pension liability	811,610	159,867	971,477	-
Total OPEB liability	225,547	96,663	322,210	-
Due in more than one year	1,349,601	2,399,424	3,749,025	-
Total liabilities	5,791,459	2,871,647	8,663,106	-
Deferred Inflows of Resources				
Other post employment benefit deferrals	191,881	82,234	274,115	-
Pension deferrals	131,998	12,441	144,439	-
Total deferred inflows of resources	323,879	94,675	418,554	-
Net Position				
Net investment in capital assets	2,844,562	5,289,411	8,133,973	18,382
Restricted for:				
Stabilization by State Statute	1,264,936	-	1,264,936	42,469
Streets	66,310	-	66,310	-
Grants	8,876	-	8,876	-
Unrestricted	190,320	956,685	1,147,005	376,456
Total net position	$ 4,375,004	$ 6,246,096	$10,621,100	$ 437,307

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

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities	Primary Government: Business-type Activities	Primary Government: Total	Jonesville Tourism Development Authority
Primary government:								
Governmental activities:								
General government	$ 1,577,233	$ -	$ 292,499	$ 1,643,823	$ 359,089	$ -	$ 359,089	$ -
Public safety	522,100	-	97,757	-	(424,343)	-	(424,343)	-
Transportation	1,164,537	5,387	-	-	(1,159,150)	-	(1,159,150)	-
Environmental protection	236,030	233,311	-	-	(2,719)	-	(2,719)	-
Cultural and recreation	135,672	1,547	-	-	(134,125)	-	(134,125)	-
Interest on long-term debt	61,939	-	-	-	(61,939)	-	(61,939)	-
Total governmental activities	3,697,511	240,245	390,256	1,643,823	(1,423,187)	-	(1,423,187)	-
Business-type activities:								
Water & Sewer fund	1,254,784	1,097,500	-	293,781	-	136,497	136,497	-
Total business-type activities	1,254,784	1,097,500	-	293,781	-	136,497	136,497	-
Total primary government	$ 4,952,295	$ 1,337,745	$ 390,256	$ 1,937,604	(1,423,187)	136,497	(1,286,690)	-
Component unit:								
Tourism Development Authority	$ 399,568	$ -	$ -	$ -	-	-	-	(399,568)
Total component unit	$ 399,568	$ -	$ -	$ -	-	-	-	(399,568)
General Revenues:								
Taxes:								
Property taxes, levied for general purposes					1,168,766	-	1,168,766	-
Other taxes and licenses					826,021	-	826,021	-
Unrestricted intergovernmental					99,817	-	99,817	-
Occupancy tax					-	-	-	412,135
Unrestricted investment earnings					230,446	30,122	260,568	6,474
Miscellaneous					183,866	-	183,866	7,889
Total general revenues, special items, and transfers					2,508,916	30,122	2,539,038	426,498
Change in net position					1,085,729	166,619	1,252,348	26,930
Net position - beginning					3,289,275	6,079,477	9,368,752	410,377
Net position - ending					$ 4,375,004	$ 6,246,096	$ 10,621,100	$ 437,307

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

TOWN OF JONESVILLE, NORTH CAROLINA
Balance Sheet
Governmental Funds
June 30, 2025

Exhibit 3

	General Fund	Regional Eco Dev Fund	FEMA Assistance Fund	Rural Transformation Library Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Cash and cash equivalents	$ 1,083,035	$ -	$ -	$ -	$ -	$ 1,083,035
Restricted cash and cash equivalents	66,310	3,265,630	-	-	32,390	3,364,330
Receivable, net:						
Taxes	66,530	-	-	-	-	66,530
Accounts	73,144	-	-	-	17,010	90,154
Due from other governments	170,833	-	533,145	466,102	-	1,170,080
Due from other funds	1,054,737	-	-	-	-	1,054,737
Due from component unit	4,342	-	-	-	-	4,342
Total assets	$ 2,518,931	$ 3,265,630	$ 533,145	$ 466,102	$ 49,400	$ 6,833,208
Liabilities						
Accounts payable and accrued liabilities	$ 9,171	$ -	$ -	$ -	$ -	$ 9,171
Unearned revenue	-	3,265,630	-	-	134	3,265,764
Due to other funds	-	-	533,145	466,102	55,490	1,054,737
Total liabilities	9,171	3,265,630	533,145	466,102	55,624	4,329,672
Deferred Inflow of Resources	106,562	-	-	-	-	106,562
Fund Balances						
Restricted for:						
Stabilization by State Statute	1,264,936	-	-	-	-	1,264,936
Streets	66,310	-	-	-	-	66,310
Grant funds	-	-	-	-	8,876	8,876
Unassigned	1,071,952	-	-	-	(15,100)	1,056,852
Total fund balances	2,403,198	-	-	-	(6,224)	2,396,974
Total liabilities, deferred inflows of resources and fund balances	$ 2,518,931	$ 3,265,630	$ 533,145	$ 466,102	$ 49,400	$ 6,833,208

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

TOWN OF JONESVILLE, NORTH CAROLINA Exhibit 4
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position
Governmental Funds
June 30, 2025

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balance		$ 2,396,974
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds:		
Gross capital assets	6,173,560	
Less: accumulated depreciation	2,007,108	4,166,452
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	247,141	92,161
Deferred outflows of resources related to pensions are not reported in the funds		387,430
Deferred outflows of resources related to OPEB are not reported in the funds		65,828
Earned revenues considered deferred inflows of resources for fund statements		106,562
Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds:		
Gross long-term debt	(1,414,051)	
Net pension liability	(639,469)	
Total pension liability	(172,141)	
OPEB liability	(225,547)	(2,451,208)
Deferred inflows of resources related to pensions are not reported in the funds		(191,881)
Deferred inflows of resources related to OPEB are not reported in the funds		(131,998)
Other long-term liabilities are not due and payable in the current period and therefore are not reported in the funds		(65,316)
Net position of governmental activities		$ 4,375,004

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

TOWN OF JONESVILLE, NORTH CAROLINA Exhibit 5
Statement of Revenues, Expenditures, and Changes in Fund Balances
Governmental Funds
Year Ended June 30, 2025

	General Fund	Regional Eco Dev Fund	FEMA Assistance Fund	Rural Transformation Library Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Ad valorem taxes	$ 1,168,766	$ -	$ -	$ -	$ -	$ 1,168,766
Other taxes and licenses	826,021	-	-	-	-	826,021
Unrestricted intergovernmental	99,817	-	-	-	-	99,817
Restricted intergovernmental	390,257	134,371	693,176	639,538	176,738	2,034,080
Permits and fees	5,387	-	-	-	-	5,387
Sales and services	234,857	-	-	-	-	234,857
Investment earnings	67,753	161,555	-	-	1,138	230,446
Other revenues	183,866	-	-	-	-	183,866
Total revenues	2,976,724	295,926	693,176	639,538	177,876	4,783,240
Expenditures:						
Current:						
General government	731,714	295,926	693,176	639,538	191,838	2,552,192
Public safety	1,032,216	-	-	-	-	1,032,216
Transportation	460,321	-	-	-	-	460,321
Environmental protection	236,030	-	-	-	-	236,030
Cultural and recreation	111,224	-	-	-	-	111,224
Debt service:						
Principal	67,571	-	-	-	-	67,571
Interest on other charges	61,939	-	-	-	-	61,939
Total expenditures	2,701,015	295,926	693,176	639,538	191,838	4,521,493
Revenues over (under) expenditures	275,709	-	-	-	(13,962)	261,747
Net change in fund balances	275,709	-	-	-	(13,962)	261,747
Fund balances, beginning	2,127,489	-	-	-	7,738	2,135,227
Fund balances, ending	$ 2,403,198	$ -	$ -	$ -	$ (6,224)	$ 2,396,974

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

TOWN OF JONESVILLE, NORTH CAROLINA Exhibit 6

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, 2025

Amounts reported for governmental activities in the statement of activities are different because:	
Net change in fund balances - total governmental funds	$ 261,747
Governmental funds report capital outlays and right of use assets additions as expenditures. However, in the Statement of Activities the cost of those assets are allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount of depreciation/amortization expense less asset additions.	909,757
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	144,886
Benefit payments paid and administrative expense for the law enforcement officers' special separation allowance are not included on the Statement of Activities	14,408
Other post employment benefit payments and administrative costs made in the current fiscal year are not included on the Statement of Activities	1,626
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	67,571
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	(4,595)
Pension expense	(277,690)
OPEB plan expense	(31,981)
Total changes in net position of governmental activities	$ 1,085,729

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

TOWN OF JONESVILLE, NORTH CAROLINA Exhibit 7

Statement of Revenues, Expenditures, and Changes in Fund Balances -
Annual Budget and Actual - General Fund
Year Ended June 30, 2025

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget - Positive (Negative)
Revenues				
Ad valorem taxes	$ 1,145,500	$ 1,145,500	$ 1,168,766	$ 23,266
Other taxes and licenses	748,700	748,700	826,021	77,321
Unrestricted intergovernmental	89,600	89,600	99,817	10,217
Restricted intergovernmental	235,700	370,700	390,257	19,557
Permits and fees	2,200	2,200	5,387	3,187
Sales and services	244,000	244,000	234,857	(9,143)
Investment earnings	51,000	51,000	67,753	16,753
Other revenue	2,100	18,100	183,866	165,766
Total revenues	2,518,800	2,669,800	2,976,724	306,924
Expenditures				
Current:				
General government	804,200	872,650	731,714	140,936
Public safety	986,600	1,044,800	1,032,216	12,584
Transportation	465,100	488,950	460,321	28,629
Environmental protection	243,000	238,500	236,030	2,470
Cultural and recreation	31,700	118,450	111,224	7,226
Debt service:				
Principal retirement	67,600	67,700	67,571	129
Interest and other charges	57,100	61,950	61,939	11
Total expenditures	2,655,300	2,893,000	2,701,015	191,985
Revenues over (under) expenditures	(136,500)	(223,200)	275,709	498,909
Other Financing Sources (Uses)				
Transfers in from other funds	88,500	134,500	-	(134,500)
Total other financing sources (uses)	88,500	134,500	-	(134,500)
Fund balance appropriated	48,000	88,700	-	(88,700)
Net changes in fund balances	$ -	$ -	275,709	$ 275,709
Fund balances, beginning			2,127,489	
Fund balances, ending			$ 2,403,198	

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

TOWN OF JONESVILLE, NORTH CAROLINA Exhibit 8
Statement of Net Position
Proprietary Fund
June 30, 2025

	Business-Type Activities Enterprise Funds Water Fund
Assets	
Current assets:	
Cash and cash equivalents	$ 842,773
Accounts receivable, net - billed	249,011
Accounts receivable, net - unbilled	99,154
Inventories	41,532
Restricted cash and cash equivalents	47,214
Total current assets	1,279,684
Non-current assets:	
Right of use asset, net of amortization	42,384
Capital assets:	
Land and other non-depreciable assets	1,222,349
Other capital assets, net of depreciation	6,553,819
Total capital assets	7,776,168
Total assets	9,098,236
Deferred Outflows of Resources	
Other post employment benefit deferrals	28,212
Pension deferrals	85,970
Total deferred outflows of resources	114,182
Liabilities	
Current liabilities:	
Accounts payable and accrued liabilities	10,598
General obligation bonds payable - current	8,000
Revenue bonds payable - current	50,000
Lead & cooper - current	76,000
Lease liabilities - current	18,631
Compensated absences - current	5,250
Customer deposits	47,214
Total current liabilities	215,693
Noncurrent liabilities:	
Compensated absences	22,914
General obligation bonds	17,000
Revenue bonds	2,032,000
Lead & cooper	304,000
Lease liabilities	23,510
Net pension liability	159,867
Total OPEB liability	96,663
Total liabilities	2,871,647
Deferred Inflows of Resources	
Other post employment benefit deferrals	82,234
Pension deferrals	12,441
Total deferred inflows of resources	94,675
Net Position	
Net investment in capital assets	5,289,411
Unrestricted	956,685
Total net position	$ 6,246,096

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

TOWN OF JONESVILLE, NORTH CAROLINA Exhibit 9
Statement of Revenues, Expenses, and Changes in Net Fund Position
Proprietary Fund
Year Ended June 30, 2025

	Business-Type Activities Enterprise Funds Water Fund
Operating revenues:	
Charges for services	$ 950,092
Other operating revenues	147,408
Total operating revenues	1,097,500
Operating expenses:	
Administration	97,592
Water treatment and distribution	867,246
Depreciation and amortization	205,953
Total operating expenses	1,170,791
Operating income	(73,291)
Non-operating revenues (expenses):	
Investment earnings	30,122
Interest on long-term debt	(83,993)
Total non-operating revenues (expenses)	(53,871)
Net gain before contributions and transfers	(127,162)
Capital contribution	293,781
Change in net fund position	166,619
Total net position - beginning	6,079,477
Total net position, ending	$ 6,246,096

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

TOWN OF JONESVILLE, NORTH CAROLINA Exhibit 10
Statement of Cash Flows
Proprietary Fund
Year Ended June 30, 2025

	Business-Type Activities Enterprise Funds Water Fund
Cash flows from operating activities:	
Cash received from customers and users	$ 1,052,494
Cash paid for goods and services	(971,924)
Cash paid to or on behalf of employees for services	24,125
Net cash provided by operating activities	104,695
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(402,290)
Proceeds from debt	380,000
Principal paid on bond maturities and notes payable	(75,234)
Interest paid on bond maturities and notes payable	(83,993)
Net cash used in capital and related financing activities	(181,517)
Cash flows from investing activities:	
Interest on investments	30,122
Net cash provided by investing activities	30,122
Net decrease in cash and cash equivalents	(46,700)
Balances, beginning	936,687
Balances, ending	$ 889,987

(Continued)

TOWN OF JONESVILLE, NORTH CAROLINA Exhibit 10
Statement of Cash Flows (Continued)
Proprietary Fund
Year Ended June 30, 2025

	Business-Type Activities Enterprise Funds Water Fund
Operating loss	$ (73,291)
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	186,431
Amortization	19,522
Changes in assets and liabilities:	
(Increase) decrease in:	
Accounts receivable	(50,591)
Deferred outflows of resources-pensions and OPEB	25,848
Increase (decrease) in:	
Accounts payable and accrued liabilities	(7,086)
Customer deposits	5,585
Deferred inflows of resources-pensions and OPEB	(1,383)
Pensions and OPEB liabilities	(6,597)
Accrued vacation	6,257
Total adjustments	177,986
Net cash provided by operating activities	$ 104,695

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The Town reports the following major governmental funds:

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.

Regional Economic Development Reserve Fund – This fund accounts for grant funds that are restricted for use for a particular purpose.

FEMA Assistance Fund – This capital project fund accounts for grant funds that are restricted for use for a particular purpose.

Rural Library Transformation – This capital project fund accounts for grant funds that are restricted for use for a particular purpose.

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.

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

The Town reports the following major enterprise funds:

Water Fund – This fund is used to account for the Town's water operations. Five Water and Sewer Capital Project Funds have been consolidated into the Water and Sewer Fund for financial reporting purposes. The budgetary comparison for the Water and Sewer Capital Project Funds have 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 operation. 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.

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, and the Enterprise Fund. All annual appropriations lapse at the fiscal- year end.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Project ordinances are adopted for the CARES Fund, FEMA Fund, Regional Economic Development Grant Fund, Rural Library Transformation Funds, PART fund, and 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 by 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.

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. l 59-30(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. The Town and TDA consider 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, Cares, and FEMA funds are classified as restricted cash because they can be expended only for specific purpose as prescribed by the grant agreement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Restricted cash at June 30, 2025, consists of the following:

Governmental Activities	
General Fund:	
Streets	$ 66,310
Police Special Fund:	
Drug funds	28,563
CARES Grant Fund	
CARES funds	3,827
Regional Economic Development Grant Fund:	
FEMA grant	3,265,630
Total governmental activities	$ 3,364,330
Business-Type Activities	
Water Fund:	
Customer deposits	$ 47,214
Total business-type activities	$ 47,214

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 are 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Asset Class	Estimated Useful Lives
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.

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 2025 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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:

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

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

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.

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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, 2025, the Town's deposits had a carrying amount of $5,295,202 and a bank balance of $5,816,974. Of the bank balance, $278,551 was covered by federal depository insurance and the remainder was covered by collateral under the Pooling Method. As of June 30, 2025, the Town's petty cash fund totaled $1,000.

The carrying amount of deposits for the Tourism Authority was $380,798 and the bank balance was $407,702. Of the bank balance $360,153 was covered by the federal depository insurance and the remainder was covered by collateral under the Pooling Method.

At June 30, 2025, the Town had $41,150 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.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Receivables – Allowance For Doubtful Accounts

The amounts presented in the Balance Sheet and the Statement of Net Position for the year ended June 30, 2025 are net of the following allowances for doubtful accounts:

General Fund - taxes receivable	$ 36,337
Enterprise Fund - accounts receivable	27,667
Total allowance for doubtful accounts	$ 64,004

Capital Assets

Capital asset activity for the Primary Government for the year ended June 30, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Transfers	Ending Balances
Governmental Activities:					
Capital assets not being depreciated:					
Land	$ 1,281,008	$ 289,879	$ -	$ -	1,570,887
Construction in progress	-	1,035,494	-	-	1,035,494
Total capital assets not being depreciated	1,281,008	1,325,373	-	-	2,606,381
Capital assets being depreciated:					
Buildings and improvements	2,470,208	-	-	-	2,470,208
Equipment	665,476	-	-	-	665,476
Vehicles	404,492	-	39,086	-	365,406
Leasehold improvements	66,089	-	-	-	66,089
Total capital assets being depreciated	3,606,265	-	39,086	-	3,567,179
Less accumulated depreciation for:					
Buildings and improvements	1,069,899	68,050	-	-	1,137,949
Equipment	418,119	42,940	-	-	461,059
Vehicles	376,683	21,409	39,086	-	359,006
Leasehold improvements	35,877	13,217	-	-	49,094
Total accumulated depreciation	1,900,578	145,616	39,086	-	2,007,108
Total capital assets being depreciated, net	1,705,687				1,560,071
Government activity capital assets, net	$ 2,986,695				$ 4,166,452

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

Governmental Activities:	
General government	$ 46,737
Public safety	39,640
Public works	34,791
Cultural and recreational	24,448
Total depreciation expense	$ 145,616

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	453,748	696,071	-	-	1,149,819
Total capital assets not being depreciated	526,278	696,071	-	-	1,222,349
Capital assets being depreciated:					
Buildings/improvements	54,421	-	-	-	54,421
Infrastructure	9,981,827	-	-	-	9,981,827
Vehicles	20,143	-	-	-	20,143
Total capital assets being depreciated	10,056,391	-	-	-	10,056,391
Less accumulated depreciation for:					
Buildings/improvements	15,798	1,360	-	-	17,158
Infrastructure	3,280,200	185,071	-	-	3,465,271
Vehicles	20,143	-	-	-	20,143
Total accumulated depreciation	3,316,141	186,431	-	-	3,502,572
Total capital assets being depreciated, net	6,740,250				6,553,819
Water fund capital assets, net	$ 7,266,528				$ 7,776,168

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Discretely presented component unit

Activity for the Tourism Development Authority for the year ended June 30, 2025, was as follows:

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, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Remeasurement	Ending Balances
Governmental Activities:					
Right of use assets					
Leased vehicles	$ 339,302	$ -	$ -	$ -	$ 339,302
Total right of use assets	339,302	-	-	-	339,302
Less accumulated amortization for:					
Leased vehicles	179,137	68,004	-	-	247,141
Total accumulated amortization	179,137	68,004	-	-	247,141
Total right of use asset, net	$ 160,165				$ 92,161

Right of use asset activity for the Business-Type Activities for the year ended June 30, 2025, was as follows:

	Beginning Balances	Increases	Decreases	Remeasurement	Ending Balances
Water Fund:					
Right of use assets					
Leased vehicles	$ 96,716	$ -	$ -	$ -	$ 96,716
Total right of use assets	96,716	-	-	-	96,716
Less accumulated amortization for:					
Leased vehicles	34,810	19,522	-	-	54,332
Total accumulated amortization	34,810	19,522	-	-	54,332
Total right of use asset, net	$ 61,906				$ 42,384

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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.

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 $19,819 on June 30, 2025. 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 $56,503 on June 30, 2025. 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 $15,838 on June 30, 2025. 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 $19,674 on June 30, 2025. 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 $22,710 on June 30, 2025. 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, 2025, were as follows:

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
Year Ending June 30				
2026	$ 68,851	$ 1,731	$ 18,631	$ 766
2027	25,530	203	18,189	359
2028	-	-	5,321	50
Total	$ 94,381	$ 1,934	$ 42,141	$ 1,175

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. $ 1,033,725

Annual debt service payments of the financing as of June 30, 2025, including interest, are as follows:

	Governmental Activities	
	Principal	Interest
Year Ending June 30		
2026	$ 26,970	$ 45,226
2027	28,150	44,046
2028	29,383	42,813
2029	30,668	41,528
2030	32,010	40,186
2031-2035	182,318	178,662
2036-2040	225,846	135,134
2041-2045	279,766	81,214
2046-2049	198,614	17,974
Total	$ 1,033,725	$ 626,783

The Town has a installment loan on land purchased with a bank at 5.310% interest with annual installment of $18,000 through February 2040. $ 270,000

The future minimum payment of the general obligation bonds as of June 30, 2025 are as follows:

	Principal	Interest
Year Ending June 30		
2026	$ 18,000	$ -
2027	18,000	-
2028	18,000	-
2029	18,000	-
2030	18,000	-
2031-2035	90,000	-
2036-2040	90,000	-
Total	$ 270,000	$ -

At June 20, 2025, the Town had a legal debt margin of $18,246,717.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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. $ 25,000

The future minimum payment of the general obligation bonds as of June 30, 2025 are as follows:

Year Ended June 30	Principal	Interest
2026	$ 8,000	$ 1,250
2027	8,000	850
2028	8,000	450
2029	1,000	50
Total	$ 25,000	$ 2,600

Installment purchases – Serviced by the Water Fund:

The Water Fund has an outstanding interest free installment loan with DEQ with annual principal installments of $76,000 through March of 2029. $ 380,000

The future minimum payment of the general obligation bonds as of June 30, 2025 are as follows:

Year Ending June 30	Principal	Interest
2026	$ 76,000	$ -
2027	76,000	-
2028	76,000	-
2029	76,000	-
2030	76,000	-
Total	$ 380,000	$ -

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Revenue Bonds – Serviced by the Water Fund

Revenue Bond at June 30, 2025 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.	$ 2,082,000

The future minimum payments of the revenue bonds as of June 30, 2025 are as follows:

Year Ended June 30	Principal	Interest
2026	$ 50,000	$ 58,603
2027	52,000	57,255
2028	53,000	55,880
2029	55,000	54,450
2030	56,000	52,993
2031-2035	305,000	233,365
2036-2040	350,000	189,065
2041-2045	400,000	138,188
2046-2050	458,000	80,135
2051-2052	303,000	16,830
Total	$ 2,082,000	$ 936,764

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, 2026 is as follows:

Operating revenues	$ 1,391,281
Operating expenses	1,170,791
Operating income	220,490
Nonoperating revenues (expenses)*	4,732
Income available for debt service	$ 225,222
Debt service, principal and interest paid (revenue bond only)	$ 107,603
Debt service coverage ratio	209%
*This does not include revenue bond interest paid	$ 58,603

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 $3,018,764. Principal and interest paid for the current year, and total net revenues were $107,603 and $225,222, respectively.

Changes in Long-Term Liabilities

A summary of long-term debt as of June 30, 2025, is as follows:

	Beginning Balances	Increases	Decreases	Adjustments Remeasurement	Ending Balances	Current Portion
Governmental Activities:						
Construction financing	$ 1,059,565	$ -	$ 25,840	$ -	$ 1,033,725	$ 26,970
HWY 67 lots	-	270,000	-	-	270,000	18,000
Lease liabilities	161,368	-	66,987	-	94,381	68,851
Compensated absences	76,666	4,595	-	-	81,261	15,945
Total OPEB liability	195,999	29,548	-	-	225,547	-
Net pension liability (LGERS)	716,512	-	77,043	-	639,469	-
Total pension liability (LEO)	163,824	8,317	-	-	172,141	-
Total governmental activity long-term liabilities	$ 2,373,934	$ 312,460	$ 169,870	$ -	$ 2,516,524	$ 129,766
Business-Type Activities:						
General obligation bonds	$ 33,000	$ -	$ 8,000	$ -	$ 25,000	$ 8,000
Revenue bonds	2,131,000	-	49,000	-	2,082,000	50,000
Lead & copper	-	380,000	-	-	380,000	76,000
Lease liabilities	60,375	-	18,234	-	42,141	18,631
Compensated absences	21,907	6,257	-	-	28,164	5,250
Total OPEB liability	83,999	12,664	-	-	96,663	-
Net pension liability (LEGERS)	179,128	-	19,261	-	159,867	-
Total business-type long-term liabilities	$ 2,509,409	$ 398,921	$ 94,495	$ -	$ 2,813,835	$ 157,881

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*

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, 2025, was 15.04% of compensation for law enforcement officers and 13.72% 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 $181,107 for the year ended June 30, 2025.

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.

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, 2025, the Town reported a liability of $799,336 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2025. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 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. On June 30, 2024, the Town's proportion was 0.0119%, which was a decrease of 0.0016% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the Town recognized pension expense of $206,592. On June 30, 2025, 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	$ 140,074	$ 942
Changes of assumptions	-	-
Net difference between projected and actual earnings on pension plan investments	108,669	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	61,264
Town contributions subsequent to the measurement date	181,107	-
	$ 429,850	$ 62,206

$181,107 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, 2026.

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

Year Ended June 30:	
2026	$ 53,009
2027	135,788
2028	10,029
2029	(12,289)
	$ 186,537

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Actuarial Assumptions - The total pension liability in the December 31, 2023 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, 2011 through December 31, 2015.

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

The projected long-term investment returns, and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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%
	100%	

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

The information above is based on 30-year expectations developed with the consulting actuary for the 1 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)	$ 1,416,447	$ 799,336	$ 291,677

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 under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

All full-time law enforcement officers of the Town are covered by the Separation Allowance. On December 31, 2023, the Separation Allowance's membership consisted of:

Active plan members	8
	8

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, 2023 valuation. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5%
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	4.28%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2023.

Mortality rates are based on the Pub-2010 Mortality tables. All mortality rates are projected from 2010 using generational improvement with 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.

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

On June 30, 2025, the Town reported a pension liability of $172,141. The total pension liability was measured as of December 31, 2024, based on a December 31, 2023, actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of $6,776.

At June 30, 2025, 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
Differences between expected and actual experience	$ 5,182	$ 50,310
Changes of assumptions	23,960	31,923
Town benefit payments and plan administrative expenses made subsequent to the measurement date	14,408	-
	$ 43,550	$ 82,233

There were no payments required since there were no benefits that came due subsequent to the measurement date.

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

Year Ended June 30:	
2026	$ (10,883)
2027	(10,845)
2028	(17,211)
2029	(13,464)
2030	311
Thereafter	(999)
	$ (53,091)

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 4.28 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Total pension liability	$ 191,719	$ 172,141	$ 154,419

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

Beginning balance	$	163,824
Service cost		11,892
Interest on the total pension liability		6,553
Differences between expected and actual experience in the measurements of the total pension liability		(4,837)
Changes in assumptions or other inputs		(5,291)
Ending balance of the total pension liability	$	172,141

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, 2023 valuation was based on the results of an actuarial experience study completed by the actuary for the Local Governmental Employee's Retirement system for the five-year period ending December 31, 2019.

Supplemental Retirement Income Plan for Law Enforcement Officers and Other Employees

Plan Description: The Town contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The 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 Annual Comprehensive Financial Report for the State of North Carolina. The State' s Annual Comprehensive Financial Report includes 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, 2025 were $31,816 which consisted of $25,145 from the Town and $6,671 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

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, 2024, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	-
Active plan members	18
	18

Total OPEB Liability

The Town's total OPEB liability of $322,210 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs

The total OPEB liability in the June 30, 2024 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 7.90%
Discount rate	3.65%
Healthcare cost trend rates	
Pre-Medicare	7.00% for 2023 decreasing to an ultimate rate of 4.50% by 2033

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	$	279,998
Service cost		25,133
Interest		10,802
Differences between expected and actual experience		(13,451)
Changes in assumptions or other inputs		19,728
Ending Balance	$	322,210

Changes in assumptions and other inputs reflect a change in the discount rate from 3.54% to 3.65%.

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

The actuarial assumptions used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period January 2015 through December 2019.

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65%) or 1 percentage point higher (4.65%) than the current discount rate:

	1% Decrease	Discount Rate (3.65)	1% Increase
Total OPEB liability	$ 371,658	$ 322,210	$ 278,856

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 Medicare 5.00%)	1% Increase
Total OPEB liability	$ 266,399	$ 322,210	$ 390,329

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

For the year ended June 30, 2025, the Town Recognized OPEB expense of $16,684. On June 30, 2025, 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	$ 7,809	$ 209,475
Changes of assumptions or other inputs	83,908	64,640
Town benefit payments and plan administrative expenses made subsequent to the measurement date	2,323	-
Total	$ 94,040	$ 274,115

$2,323 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ending June 30, 2026.Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	
2026	$ (23,189)
2027	(21,422)
2028	(18,624)
2029	(18,220)
2023	(22,187)
Thereafter	(78,756)
	$ (182,398)

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.

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	$ 206,592	$ 6,776	$ 16,684	$ 230,052
Pension Liability	799,336	172,141	322,210	1,293,687
Proportionate share of the net pension liability	0.01186%	N/A	N/A	
Deferred of Outflows of Resources				
Differences between expected and actual experience	140,074	5,182	7,809	153,065
Changes of assumptions	-	23,960	83,908	107,868
Net difference between projected and actual earnings on plan investments	108,669	-	-	108,669
Benefit payments and administrative costs paid subsequent to the measurement date	181,107	14,408	2,323	197,838
Deferred of Inflows of Resources				
Differences between expected and actual experience	942	50,310	209,475	260,727
Changes of assumptions	-	31,923	64,640	96,563
Changes in proportion and differences between contributions and proportionate share of contributions	61,264	-	-	61,264

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

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

	Statement of Net Position	General Fund Balance Sheet
Benefit payments and administrative expenses for plans made subsequent to measurement date	$ 197,838	$ -
Changes in assumptions	107,868	-
Differences between expected and actual experience	153,065	-
Net difference between projected and actual	108,669	-
	$ 567,440	$ -

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	$ -	$ 106,562
Changes in assumptions	96,563	-
Differences between expected and actual experience	260,727	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	61,264	-
	$ 418,554	$ 106,562

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.

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

Interfund Activity

Balances due to/from other funds at June 30, 2025, consisted of the following:

Due From	Due to	Amount
Tourism Authority	General Fund	$ 4,342
Police Special Fund	General Fund	19,553
CARES Grant Fund	General Fund	18,927
FEMA Assistance Fund	General Fund	533,145
PART Fund	General Fund	17,010
Rual Library Transformation Funds	General Fund	466,102
		$ 1,059,079

Advances to the Police Special Fund were for drug funds. Advances to CARES, FEMA, PART, and Rural Library Transformation funds were to cover expenditures that will be reimbursed through various grant funds. No set repayment terms were established.

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	$ 2,403,198
Less:	
Stabilization by State Statute	1,264,936
Streets- Powell Bill	66,310
Remaining Fund Balance	$ 1,071,952

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.

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.

NOTE 5 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Deficit Fund Balance of the CARES Fund

During the fiscal year the town over spent the CARES Fund generating a deficit fund balance of $15,099. The town plans to fund this deficit with a transfer from the general fund in the amount $15,099 during the fiscal year 2025-2026.

Significant Violations of Finance-Related Legal and Contractual Provisions—Late Audit Submission

G.S. 159-34 requires local governments to submit annual audited financial statements to the Secretary of the Local Government Commission within six months of the fiscal year close. The Town of Jonesville did not meet the December 31, 2025 deadline for its fiscal year ended June 30, 2025, submitting the audit on January 31, 2026

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:

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportionate of the net pension liability (asset)	0.0119%	0.0135%	0.0141%	0.0141%	0.0148%	0.0132%	0.0131%	0.0151%	0.0151%	0.0139%
Proportionate of the net pension liability (asset)	$ 799,336	$ 895,640	$ 786,979	$ 215,930	$ 530,296	$ 359,116	$ 311,251	$ 230,075	$ 321,109	$ 62,338
Covered-employee payroll	791,432	1,095,328	1,005,459	1,005,459	1,036,238	891,711	796,663	869,479	898,978	822,534
Proportionate share of net pension liability (asset) as a percentage of its covered-employee payroll	101.00%	81.77%	78.27%	21.48%	51.18%	40.27%	39.07%	26.46%	35.72%	7.58%
Plan fiduciary net position as a percentage of the total pension liability	82.49%	82.49%	84.14%	91.63%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%
Contributions:										
Contractually required contribution	$ 181,107	$ 92,191	$ 127,829	$ 117,750	$ 100,808	$ 92,333	$ 72,738	$ 61,868	$ 66,925	$ 57,731
Contributions in relation to the contractually required contribution	181,107	92,191	127,829	117,750	100,808	92,333	72,738	61,868	66,925	57,731
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 791,432	$ 1,095,328	$ 1,005,459	$ 1,005,459	$ 1,005,459	$ 1,036,238	$ 891,711	$ 796,663	$ 869,479	$ 898,978
Contribution as a percentage of covered-employee payroll	22.88%	8.42%	12.71%	11.71%	10.03%	8.91%	8.16%	7.77%	7.70%	6.42%

* - 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 Nine Fiscal Years*

Exhibit 12

Schedule of Changes in Total Pension Liability:

	2025	2024	2023	2022	2021	2020	2019	2018	2017
Beginning balance	$ 163,824	$ 134,819	$ 215,570	$ 224,178	$ 157,285	$ 157,642	$ 157,830	$ 149,061	$ 139,626
Service cost	11,892	10,586	15,659	18,132	12,008	8,923	10,352	11,033	12,637
Interest on the total pension liability	6,553	5,811	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	(4,837)	6,964	(56,408)	(19,420)	(17,113)	(18,336)	1,661	(13,685)	-
Changes of assumptions or other inputs	(5,291)	5,644	(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	$ 172,141	$ 163,824	$ 134,819	$ 215,570	$ 224,178	$ 157,285	$ 157,642	$ 157,830	$ 149,061

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	$ 172,141	$ 163,824	$ 134,819	$ 215,570	$ 224,178	$ 157,285	$ 157,642	$ 157,830	$ 149,061
Covered payroll	498,003	387,081	346,848	371,073	386,965	303,735	302,192	376,867	436,903
Total pension liability as a percentage of covered payroll	34.57%	42.32%	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.

TOWN OF JONESVILLE, NORTH CAROLINA Exhibit 13
Other Post-Employment Benefits
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Seven Fiscal Years

	2025	2024	2023	2022	2021	2020	2019
Total OPEB Liability							
Service Cost	$ 25,133	$ 33,143	$ 46,558	$ 34,075	$ 26,547	$ 27,502	$ 29,830
Interest	10,802	7,357	11,989	14,899	15,112	13,639	11,719
Changes of benefit terms	-	-	-	-	(38,771)	-	-
Differences between expected and actual experience	(13,451)	-	(271,417)	(3,817)	18,254	(1,148)	(3,264)
Changes of assumptions	19,728	(67,978)	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	42,212	(27,478)	(195,558)	99,621	6,391	4,251	(4,453)
Total OPEB liability - beginning	279,998	307,476	503,034	403,413	397,022	392,771	397,224
Total OPEB liability - ending	$ 322,210	$ 279,998	$ 307,476	$ 503,034	$ 403,413	$ 397,022	$ 392,771
Covered payroll	$ 1,289,435	$ 801,868	$ 912,175	$ 912,175	$ 912,175	$ 494,376	$ 494,376
Total OPEB liability as a percentage of covered payroll	24.99%	34.92%	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:

Fiscal Year	Rate
2025	3.65%
2024	3.54%
2023	3.50%
2022	3.50%
2021	3.50%
2020	3.89%
2019	3.56%

INDIVIDUAL FUND STATEMENTS AND SCHEDULES

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes		$ 1,155,620	
Penalties and interest		13,146	
Total ad valorem taxes	$ 1,145,500	1,168,766	$ 23,266
Other taxes and licenses:			
Beverage tax distributions		9,333	
Local option sales tax		636,544	
Utility sales tax		178,334	
Solid waste disposal		1,810	
Total other taxes and licenses	748,700	826,021	77,321
Unrestricted intergovernmental:			
ABC profit distribution		91,768	
NCDOT		8,049	
Total unrestricted intergovernmental	89,600	99,817	10,217
Restricted intergovernmental:			
Powell Bill allocation		97,757	
Grant revenue		292,500	
Total restricted intergovernmental	370,700	390,257	19,557
Permits and fees:			
Building, sign and zoning		5,387	
Total permits and fees	2,200	5,387	3,187
Sales and services:			
Garbage collection fees		233,310	
Recreation department fees		1,547	
Total sales and services	244,000	234,857	(9,143)
Investment earnings	51,000	67,753	16,753
Miscellaneous	18,100	183,866	165,766
Total Revenues	2,669,800	2,976,724	306,924

(Continued)

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Governing body:			
Salaries and wages		$ 13,500	
Employee benefits		1,133	
Operating services		498	
Administrative		66,421	
Supplies and fees		709	
Other		3,729	
Total	$ 88,550	85,990	$ 2,560
Administration:			
Salaries and wages		283,007	
Employee benefits		119,676	
Operating services		48,666	
Property services		5,576	
Administrative		7,276	
Supplies and fees		11,061	
Other		3,191	
Total	501,400	478,453	22,947
Planning and development:			
Operating services		19,859	
Total	43,100	19,859	23,241
Buildings and grounds:			
Operating services		64,040	
Property services		75,774	
Supplies and fees		7,598	
Total	239,600	147,412	92,188
Total general government	872,650	731,714	140,936
Public safety:			
Police:			
Salaries and wages		581,659	
Employee benefits		255,034	
Operating services		69,922	
Property services		53,294	
Supplies and fees		65,295	
Other		7,012	
Total	1,044,800	1,032,216	12,584
Total public safety	1,044,800	1,032,216	12,584

(Continued)

	Budget	Actual	Variance Positive (Negative)
Expenditures (Continued):			
Transportation:			
Streets-Powell Bill:			
Salaries and wages		$ 169,372	
Employee benefits		80,112	
Operating services		12,191	
Property services		104,172	
Supplies and fees		27,407	
Other		67,067	
Total	$ 488,950	460,321	$ 28,629
Environmental protection:			
Operating services		232,560	
Other		3,470	
Total	238,500	236,030	2,470
Culture and recreation:			
Property services		96,753	
Other		14,471	
Total	118,450	111,224	7,226
Debt service:			
Principal retirement		67,571	
Interest and other charges		61,939	
Total	129,650	129,510	140
Total expenditures	2,893,000	2,701,015	191,985
Revenue over (under) expenditures	(223,200)	275,709	498,909
Other financing sources (uses):			
Transfers in from other funds	223,200	-	(223,200)
Total other financing sources (uses)	223,200	-	(223,200)
Fund balance appropriated	-	-	-
Net change in fund balance	$ -	275,709	$ 275,709
Fund balances, beginning		2,127,489	
Fund balances, ending		$ 2,403,198	

TOWN OF JONESVILLE, NORTH CAROLINA **Schedule 2**
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2025

	Police Special Fund	CARES Grant Fund	PART Fund	Total Nonmajor Governmental Funds
Assets				
Current assets:				
Restricted cash and cash equivalents	$ 28,563	$ 3,827	$ -	$ 32,390
Accounts receivable	-	-	17,010	17,010
Total assets	$ 28,563	$ 3,827	$ 17,010	$ 49,400
Liabilities and Fund Balances				
Liabilities:				
Unearned revenue	$ 134	$ -	$ -	$ 134
Due to other funds	19,553	18,927	17,010	55,490
Total liabilities	19,687	18,927	17,010	55,624
Fund Balances:				
Restricted				
Grant funds	8,876		-	8,876
Unassigned	-	(15,100)	-	(15,100)
Total fund balances	8,876	(15,100)	-	(6,224)
Total liabilities and fund balances	$ 28,563	$ 3,827	$ 17,010	$ 49,400

TOWN OF JONESVILLE, NORTH CAROLINA **Schedule 3**

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

Nonmajor Governmental Funds

Year Ended June 30, 2025

	Police Special Fund	CARES Grant Fund	PART Fund	Total Nonmajor Governmental Funds
Revenues:				
Restricted intergovernmental	$ -	$ 120,078	$ 56,660	$ 176,738
Investment earnings	1,138	-	-	1,138
Total revenues	1,138	120,078	56,660	177,876
Expenditures:				
Current:				
Operating services:				
Construction	-	-	42,500	42,500
Other operating expenses	-	135,178	14,160	149,338
Total expenditures	-	135,178	56,660	191,838
Revenues over (under) expenditures	1,138	(15,100)	-	(13,962)
Net change in fund balances	1,138	(15,100)	-	(13,962)
Fund balances, beginning	7,738	-	-	7,738
Fund balances, ending	$ 8,876	$ (15,100)	$ -	$ (6,224)

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, 2025

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Investment earnings	$ -	$ 1,138	$ (1,138)
Total revenues	-	1,138	(1,138)
Net change in fund balance	$ -	1,138	$ (1,138)
Fund balances, beginning		7,738	
Fund balances, ending		$ 8,876	

TOWN OF JONESVILLE, NORTH CAROLINA **Schedule 5**

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

Capital Projects Fund - CARES Grant Funds

From Inception and Year Ended June 30, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Grant funds	$ 295,650	$ 131,619	$ 120,078	$ 251,697
Total revenues	295,650	131,619	120,078	251,697
Expenditures:				
General government:				
Salaries and employee benefits	32,450	-	-	-
Other operating expenses	263,200	131,619	135,178	266,797
Total expenditures	295,650	131,619	135,178	266,797
Net change in fund balance	$ -	$ -	(15,100)	$ (15,100)
Fund balances, beginning			-	
Fund balances, ending			$ (15,100)	

TOWN OF JONESVILLE, NORTH CAROLINA **Schedule 6**

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

Capital Projects Fund - FEMA Assistance Fund

From Inception and Year Ended June 30, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Grant funds	$ 1,155,228	$ 367,538	$ 693,176	$ 1,060,714
Total revenues	1,155,228	367,538	693,176	1,060,714
Expenditures:				
General government:				
Construction	1,155,228	367,538	693,176	1,060,714
Total expenditures	1,155,228	367,538	693,176	1,060,714
Net change in fund balance	$ -	$ -	-	$ -
Fund balances, beginning			-	
Fund balances, ending			$ -	

TOWN OF JONESVILLE, NORTH CAROLINA **Schedule 7**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual
Capital Projects Fund - Regional Economic Development Grant Fund
From Inception and Year Ended June 30, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Investment earnings	$ -	$ 6,535	$ 161,555	$ 168,090
Grant funds	3,400,000	-	134,371	134,371
Total revenues	3,400,000	6,535	295,926	302,461
Expenditures:				
General government:				
Professional services	283,798	6,535	213,748	220,283
Supplies	153,551	-	-	-
Construction	2,885,801	-	50,678	50,678
Grant administration	76,850	-	31,500	31,500
Total expenditures	3,400,000	6,535	295,926	302,461
Net change in fund balance	$ -	$ -	-	$ -
Fund balances, beginning			-	
Fund balances, ending			$ -	

TOWN OF JONESVILLE, NORTH CAROLINA **Schedule 8**

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

Capital Projects Fund - Rural Library Transformation Funds

From Inception and Year Ended June 30, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Grant funds	$ 1,150,000	$ 36,835	$ 639,538	$ 676,373
Total revenues	1,150,000	36,835	639,538	676,373
Expenditures:				
General government:				
Construction services	1,105,000	-	631,373	631,373
Professional services	45,000	36,835	8,165	45,000
Total expenditures	1,150,000	36,835	639,538	676,373
Net change in fund balance	$ -	$ -	-	$ -
Fund balances, beginning			-	
Fund balances, ending			$ -	

TOWN OF JONESVILLE, NORTH CAROLINA **Schedule 9**

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

Capital Projects Fund - PART Funds

From Inception and Year Ended June 30, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Grant funds	$ 500,000	$ -	$ 56,660	$ 56,660
Total revenues	500,000	-	56,660	56,660
Expenditures:				
General government:				
Contractual services	457,500	-	42,500	42,500
Professional services	42,500	-	14,160	14,160
Total expenditures	500,000	-	56,660	56,660
Net change in fund balance	$ -	$ -	-	$ -
Fund balances, beginning			-	
Fund balances, ending			$ -	

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Water Sales:			
Residential, commercial and residential		$ 1,013,822	
Other operating revenues		147,408	
Total operating revenues	$ 1,091,079	1,161,230	$ 70,151
Non-Operating Revenues:			
Interest on investments	20,000	30,122	10,122
Total revenues	1,111,079	1,191,352	80,273
Expenditures:			
Water administration	98,300	97,591	709
Water treatment and distribution:			
Salaries and wages		286,381	
Employee benefits		147,550	
Operating services		132,022	
Property services		184,128	
Administrative		12,021	
Supplies and fees		121,388	
Other		796	
Total water treatment and distribution	970,544	884,286	86,258
Debt service:			
Interest costs		83,993	
Principal retirement		57,000	
Total debt service	160,000	140,993	19,007
Total expenditures	1,228,844	1,122,870	105,974
Revenues over (under) expenditures	(117,765)	68,482	186,247

(Continued)

	Budget	Actual	Variance Positive (Negative)
Transfer to/(from) other funds	$ 117,765	$ -	$ 117,765
Revenues and other financing sources over expenditures, other financing uses and transfers	$ -	68,482	$ 304,012

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

Reconciling items:	
Principal retirement	57,000
Capital outlay	696,068
State grants	673,781
Debt proceeds	(380,000)
Capital project fund expenditures	(696,068)
Depreciation	(205,953)
Change in receivables and allowance	(56,493)
Change in other operating revenue receivables	(7,238)
Change in accounts payable and other accruals	(7,085)
Change in accrued vacation	6,257
Decrease in deferred outflows of resources - pension	7,983
Decrease in deferred outflows of resources - OPEB	17,865
Increase in deferred inflows of resources - pension	6,426
Decrease in deferred inflows of resources - OPEB	(7,809)
Decrease in pension liability	(19,261)
Increase in OPEB liability	12,664
Total reconciling items	98,137
Change in net position	$ 166,619

TOWN OF JONESVILLE, NORTH CAROLINA **Schedule 11**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP) - Capital Projects Fund - AIA 2018 From Inception and Year Ended June 30, 2025

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total
Revenues:				
Restricted intergovernmental:				
State grants	$ 142,000	$ 132,000	$ -	$ 132,000
Town matching	14,200	14,200	-	14,200
Total revenues	156,200	146,200	-	146,200
Expenditures:				
Capital outlay	156,200	132,000	-	132,000
Total expenditures	156,200	132,000	-	132,000
Revenues over expenditures	$ -	$ 14,200	$ -	$ 14,200

TOWN OF JONESVILLE, NORTH CAROLINA **Schedule 12**

Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP) - Capital Projects Fund - AIA 2019 From Inception and Year Ended June 30, 2025

	Project Authorization	Actual Prior Years	Actual Current Year	Actual Total
Revenues:				
Restricted intergovernmental:				
State grants	$ 150,000	$ 142,807	$ 71,414	$ 214,221
Total revenues	150,000	142,807	71,414	214,221
Expenditures:				
Capital outlay	150,000	133,659	80,562	214,221
Total expenditures	150,000	133,659	80,562	214,221
Revenues over expenditures	$ -	$ 9,148	$ (9,148)	$ -

TOWN OF JONESVILLE, NORTH CAROLINA **Schedule 13**

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Non-GAAP) - Capital Projects Fund - VUR Meter Water Line
From Inception and Year Ended June 30, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Restricted intergovernmental:				
State grants	$ 6,946,300	$ 146,448	$ 13,852	$ 160,300
Total revenues	6,946,300	146,448	13,852	160,300
Expenditures:				
Capital outlay	6,946,300	133,310	26,990	160,300
Total expenditures	6,946,300	133,310	26,990	160,300
Revenues over expenditures	$ -	$ 13,138	$ (13,138)	$ -

TOWN OF JONESVILLE, NORTH CAROLINA **Schedule 14**

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Non-GAAP) - Capital Projects Fund - VUR WTP Filter Clear Well
From Inception and Year Ended June 30, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Restricted intergovernmental:				
State grants	$ 8,015,200	$ 54,782	$ 208,516	$ 263,298
Total revenues	8,015,200	54,782	208,516	263,298
Expenditures:				
Capital outlay	8,015,200	54,782	208,516	263,298
Total expenditures	8,015,200	54,782	208,516	263,298
Revenues over expenditures	$ -	$ -	$ -	$ -

TOWN OF JONESVILLE, NORTH CAROLINA **Schedule 15**

Schedule of Revenues, Expenditures, and Changes in Fund Balances -
Budget and Actual (Non-GAAP) - Capital Projects Fund - Lead and Copper
From Inception and Year Ended June 30, 2025

		Actual		
	Project Authorization	Prior Years	Current Year	Total
Revenues:				
Restricted intergovernmental:				
Federal grants	$ 400,000	$ -	$ 380,000	$ 380,000
Total revenues	400,000	-	380,000	380,000
Expenditures:				
Capital outlay	400,000	-	380,000	380,000
Total expenditures	400,000	-	380,000	380,000
Revenues over expenditures	$ -	$ -	$ -	$ -

OTHER SCHEDULES

TOWN OF JONESVILLE, NORTH CAROLINA **Schedule 1**
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2025

Fiscal Year	Uncollected Balance July 1,2024	Additions	Collections, and Credits	Uncollected Balance June 30, 2025
2024-2025	$ -	$ 1,047,812	$ 997,408	$ 50,404
2023-2024	61,233	-	37,761	23,472
2022-2023	25,003	-	14,467	10,536
2021-2022	20,847	-	15,219	5,628
2020-2021	9,966	-	5,526	4,440
2019-2020	5,789	-	3,785	2,004
2018-2019	11,289	-	9,021	2,268
2017-2018	4,364	-	2,583	1,781
2016-2017	2,928	-	1,432	1,496
2015-2016	1,363	-	750	613
2014-2015	3,488	-	3,263	225
Total	$ 146,270	$ 1,047,812	$ 1,091,215	102,867
Less: allowance for uncollectible ad valorem taxes receivable				36,337
Ad valorem taxes receivable - net				$ 66,530

Reconciliation to revenues:

Ad valorem taxes - general fund	$ 1,168,766
Reconciling items:	
Releases and refunds and other adjustments	
Amounts written off for tax years per statute of limitations	
Vehicle Tag fees	(56,697)
Taxes written off	(7,708)
Penalties and interest	(13,146)
Total collections and credits	$ 1,091,215

TOWN OF JONESVILLE, NORTH CAROLINA **Schedule 2**
Analysis of Current Year Tax Levy
Town-Wide Levy
For the Fiscal Year Ended June 30, 2025

	Town-wide		Total Levy	
	Property Valuation (in Thousand)	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxes at current year rate	$ 222,544,628	0.50	$ 1,112,723	$ 1,020,115	$ 92,608
Total	222,544,628		1,112,723	1,020,115	92,608
Discoveries:					
Current and prior years	5,539,332	0.50	27,697	27,697	-
Total property value	$ 228,083,960				
Net levy			1,140,420	1,047,812	92,608
Uncollected taxes at June 30, 2025			50,404	50,404	-
Current year's taxes collected			$ 1,090,016	$ 997,408	$ 92,608
Current levy collection percentage			95.58%	95.19%	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 financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Jonesville, North Carolina (the "Town"), as of and for the year ended June 30, 2025, 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 30, 2026.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered 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 financial statements, but not for the purpose of expressing an opinion on the effectiveness of Town's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 Town'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 were not identified.

Report on Compliance and Other Matters

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

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 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 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 30, 2026

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance in Accordance with 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 each of Town of Jonesville, North Carolina's major federal programs for the year ended June 30, 2025. Town of Jonesville, North Carolina's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Town of Jonesville, North Carolina complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 each 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 GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Town of Jonesville, North Carolina's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Town of 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 30, 2026

TOWN OF JONESVILLE, NORTH CAROLINA
Schedule of Expenditures of Federal and State Awards
Year Ended June 30, 2025

Grantor/Pass-Through Grantor/Program Title	Federal Assistance Listing Number	State Pass-through Grantor's No.	Federal Expenditures	State Expenditures
Federal Awards:				
U.S. Department of Housing and Urban Development				
Passed Through N.C. Department of Commerce				
Community Development Block Grant	14.228	CDBG-CV 20-V-3529	$ 135,178	$ -
U.S. Department of Homeland Security				
Passed Through N.C. Department of Public Safety				
Disaster Grants Public Assistance TS ETA	97.036	FEMA-4588	693,176	-
Disaster Grants Public Assistance TS Helene	97.036	FEMA-DR-4827	18,000	-
Total U.S. Department of Homeland Security			711,176	
U.S. Department of Treasury				
Passed Through N.C. Department of Environmental Quality				
Coronavirus State and Local Fiscal Recovery Funds	21.027	VUR-D-ARP-0057	26,990	-
Coronavirus State and Local Fiscal Recovery Funds	21.027	VUR-D-ARP-0058	208,516	
Passed Through N.C. Department of Commerce				
Coronavirus State and Local Fiscal Recovery Funds	21.027	SA-0207	639,538	
Total U.S. Department of Treasury			875,044	
U.S. Environmental Protection Agency				
Passed Through N.C. Department of Environmental Quality				
Drinking Water State Revolving Fund	66.468	SRF-D-LSL-0009	380,000	-
Total Federal Awards			2,101,398	-
State Awards:				
N.C. Office of State Budget and Management				
Regional Economic Development Reserve Grant		Contract #12651	-	295,926
Passed Through N.C. Department of Environmental Quality				
Asset Inventory and Assessment Grant		AIA-D-0247		80,562
N.C. Department of Natural and Cultural Resources				
Parks and Recreation Trust Fund		23-1081	-	56,660
N.C. Department of Transportation				
Powell Bill		11212	-	66,181
Total State Awards			-	499,329
Total Expenditures of Federal and State Awards			$2,101,398	$ 499,329

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (the "Schedule") includes the federal and state grant activity of Town of Jonesville, North Carolina under programs of the federal and state government for the year ended June 30, 2025. The information in this Schedule 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* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Town of Jonesville, North Carolina, it is not intended to and does not present the financial position, changes in net assets, or cash flows of Town of Jonesville, North Carolina.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

TOWN OF JONESVILLE, NORTH CAROLINA
Schedule of Findings and Questioned Costs
Year Ended June 30, 2025

Section I - Summary of Auditor's Results

Financial Statements

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

Federal Awards

(i)	Internal control over major programs:			
	(a) Material weakness(es) identified?	____ yes	X	no
	(b) Significant deficiency(ies) identified?	____ yes	X	none reported
(ii)	Type of auditor's report issued on compliance for major federal programs:	Unmodified		
(iii)	Any audit findings disclosed that are required to be reported in accordance with the2 CFR 200.516(a)	____ yes	X	no

(iv) Identification of major programs:

Assistance Listing Numbers	Program Name
97.036	Disaster Grants Public Assistance
21.027	Coronavirus State and Local Fiscal Recovery Funds

(v)	Dollar threshold used to distinguish between Type A and Type B Programs	$ 750,000		
(vi)	Auditee qualified as low-risk auditee?	____ yes	X	no

Section II - Findings relating to the financial statements which are required to be reported in accordance with generally accepted government auditing standards:

A. Deficiencies in Internal Control

None reported

B. Compliance Findings

None reported

Section III - Findings and questioned costs relating to the major state programs which are required to be reported in accordance with the State Single Audit Implementation Act:

Findings and Questioned Costs

None reported

None