

Town of Mayodan

Financial Statements

June 30, 2024

Gardner & Co.

— CPA, PLLC —

Town of Mayodan, North Carolina
Table of Contents
June 30, 2024

Exhibit		Page
	<u>Financial Section:</u>	
	Independent Auditor's Report	1
	Management's Discussion and Analysis	4
	Basic Financial Statements:	
	<u>Government-wide Financial Statements:</u>	
1	Statement of Net Position	17-18
2	Statement of Activities	19
	<u>Fund Financial Statements:</u>	
3	Balance Sheet – Governmental Funds	20
3	Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	21
4	Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	22
4	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	23
5	Statement of Revenues, Expenditures, and Changes in Fund Balances – Annual Budget and Actual - General	24
6	Statement of Fund Net Position – Proprietary Fund	25-26
7	Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Fund	27
8	Statement of Cash Flows – Proprietary Fund	28-29
9	Notes to the Financial Statements	30-65

Town of Mayodan, North Carolina
Table of Contents
June 30, 2024

Exhibit		Page
	<u>Required Supplemental Financial Data:</u>	
A-1	Local Government Employees' Retirement System Proportionate Share of Net Pension Liability (Asset)	66
A-2	Local Government Employees' Retirement System Contributions	67
A-3	Local Firefighters' and Rescue Squad Workers' Retirement System Proportionate Share of Net Pension Liability (Asset)	68
A-4	Law Enforcement Officers' Special Separation Allowance Schedule of Changes in Total Pension Liability	69
A-5	Law Enforcement Officers' Special Separation Allowance Schedule of Total Pension Liability as a Percentage of Covered Payroll	70
A-6	Other Postemployment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios	71
	<u>Individual Fund Statements and Schedules:</u>	
B-1	Comparative Balance Sheets – General Fund	72
B-2	Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	73-77
C-1	Comparative Balance Sheet for American Rescue Act Plan Fund	78
C-2	Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – American Rescue Act Plan Fund	79
	<u>Water and Sewer Fund:</u>	
D-1	Comparative Statement of Net Position	80
D-2	Comparative Statement of Revenues, Expenses and Changes in Net Position	81-82
D-3	Comparative Statement of Cash Flows	83-84

Town of Mayodan, North Carolina
Table of Contents
June 30, 2024

Exhibit		Page
	<u>Water and Sewer Operations:</u>	
D-4	Statement of Revenues and Expenditures – Budget and Actual (Non GAAP)	85-87
	<u>Other Schedules:</u>	
E-1	Schedule of Ad Valorem Taxes Receivable	88
E-2	Analysis of Current Tax Levy	89
E-3	Schedule of Interfund Transfers	90
	 <u>Compliance Section:</u>	
	Report On Internal Control Over Financial Reporting and on Compliance and Other Matters Based On An Audit of Financial Statements Performed In Accordance with <i>Government Auditing Standards</i>	91-92

Gardner & Co.

CPA, PLLC

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mayodan, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Mayodan, North Carolina as of June 30, 2024, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund and the American Rescue Act Plan Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4 through 16, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability and Contributions, on pages 66 and 67, respectively, the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension (Assets) Liability on page 68, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll on pages 69 and 70, and the Other Postemployment benefits schedule of changes in the Total OPEB Liability and Related Ratios on page 71 be presented to supplement the basic financial statements. Such information is the responsibility of management, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate

operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consist of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mayodan, North Carolina's basic financial statements. The accompanying combining and individual fund financial statements, budgetary schedules, and other schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion based on our audit, the combining and individual fund financial statements, budgetary schedules, the schedule of expenditures of federal and state awards, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2024, on our consideration of the Town of Mayodan, North Carolina's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Mayodan, North Carolina's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Mayodan, North Carolina's internal control over financial reporting and compliance.

Gardner & Company, CPA, PLLC

Gardner & Company, CPA, PLLC

Eden, North Carolina

October 15, 2024

Town of Mayodan

Management's Discussion and Analysis

As management of the Town of Mayodan, we offer readers of the Town of Mayodan's financial statements this narrative overview and analysis of the financial activities of the Town of Mayodan for the fiscal year ended June 30, 2024. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the town's financial statements, which follow this narrative.

Financial Highlights

- The assets of the Town of Mayodan exceeded its liabilities at the close of the fiscal year by \$18,806,379 (*net position*).
- The government's total net position increased by \$2,500,238.
- As of the close of the current fiscal year, the Town of Mayodan's governmental funds reported combined ending fund balances of \$3,397,987, an increase of \$241,428 in comparison with the prior year. Approximately 73% of this total amount, or \$2,473,366, is available for spending at the government's discretion (unassigned fund balance).
- The Town of Mayodan's total long-term debt decreased by \$357,527 (46%) during the current fiscal year.

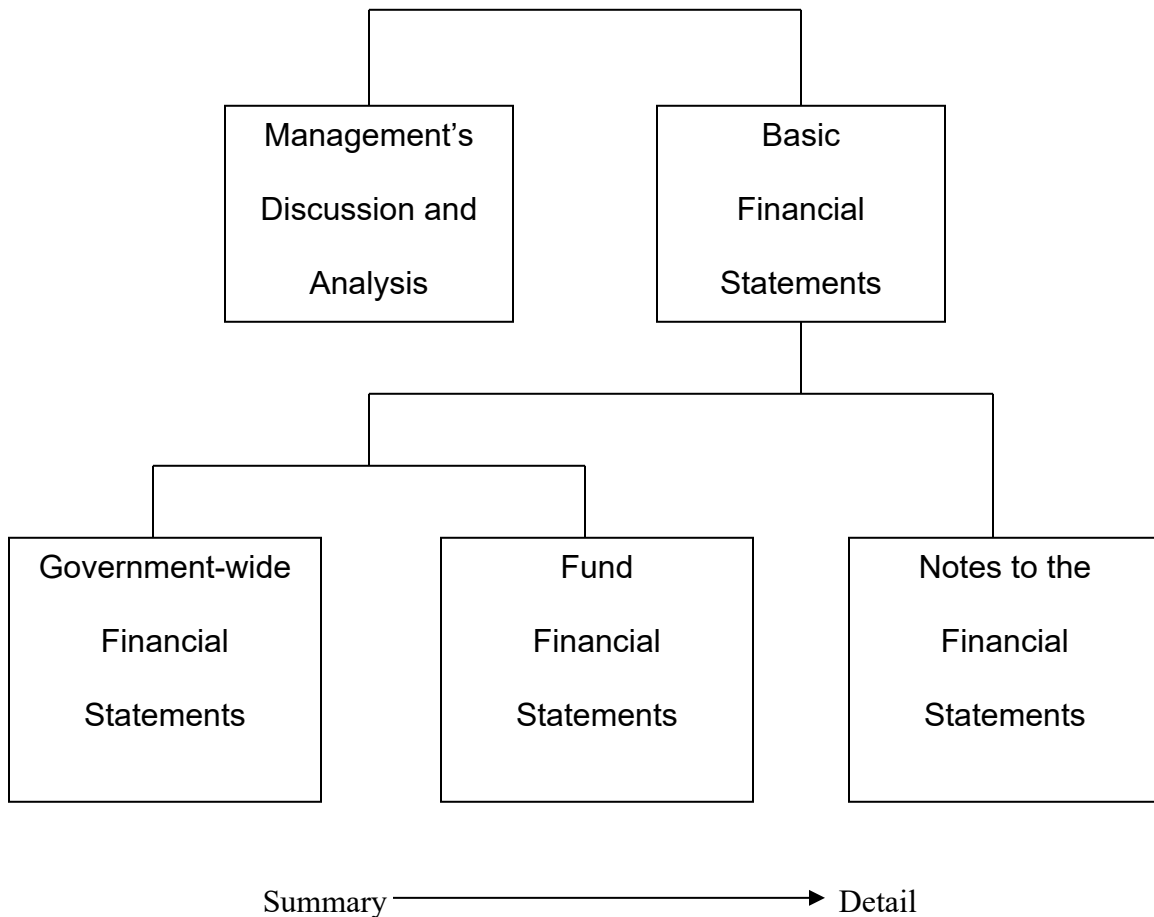
Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Mayodan's basic financial statements. The town's basic financial statements consist of three components; 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements (see Figure 1). The basic financial statements present two different views of the town through the use of government-wide statements and fund financial statements. In addition to the basic financial statements, this report contains other supplemental information that will enhance the reader's understanding of the financial condition of the Town of Mayodan.

Town of Mayodan

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the Government-wide Financial Statements. They provide both short and long-term information about the town's financial status.

The next statements (Exhibits 3 through 8) are Fund Financial Statements. These statements focus on the activities of the individual parts of the town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The next section of the basic financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, supplemental information is provided to show details about the town's individual

Town of Mayodan

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 deferred outflows of resources and the total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the town's financial condition.

The government-wide statements are divided into two categories: 1) governmental activities and 2) business-type activities. The governmental activities include most of the town's basic services such as public safety, streets, sanitation, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities. The business-type activities are those that the town charges customers to provide. These include the water and sewer services offered by the Town of Mayodan.

The government-wide financial statements are on Exhibits 1 and 2 of this report.

Fund Financial Statements

The fund financial statements (see Figure 2) provide a more detailed look at the town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Mayodan, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the town's budget ordinance. All of the funds of the Town of Mayodan can be divided into two categories: governmental funds and proprietary funds.

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

Town of Mayodan

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

Proprietary Funds – The Town of Mayodan has one proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Mayodan uses an enterprise fund to account for its water and sewer activity. This fund is the same as that shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 30 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Mayodan's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 66 of this report.

Town of Mayodan

Government-Wide Financial Analysis

The Town of Mayodan's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Current and other assets	3,138,543	3,360,592	4,405,280	5,232,497	7,543,823	8,593,089
Restricted assets	1,194,036	889,318	871,689	622,779	2,065,725	1,512,097
Non-current assets					-	-
Capital assets	2,867,307	2,737,733	14,819,011	13,817,589	17,686,318	16,555,322
Total assets	7,199,886	6,987,643	20,095,980	19,672,865	27,295,866	26,660,508
Deferred outflows of resources	1,173,150	1,273,053	509,539	490,993	1,682,689	1,764,046
Total assets & outflows of resources	8,373,036	8,260,696	20,605,519	20,163,858	28,978,555	28,424,554
Long-term liabilities outstanding	229,110	292,811	186,489	480,315	415,599	773,126
Unearned revenue	782,177	972,338	773,860	1,827,687	1,556,037	2,800,025
Other liabilities	4,834,465	4,668,146	2,203,419	2,145,430	7,037,884	6,813,576
Deferred inflows of resources	790,756	1,247,469	371,900	484,217	1,162,656	1,731,686
Total liabilities & inflows of resources	6,636,508	7,180,764	3,535,668	4,937,649	10,172,176	12,118,413
Net position:						
Net investment in capital assets	2,638,197	2,444,922	14,632,522	13,337,274	17,270,719	15,782,196
Restricted for:						
Economic Development	857	830			857	830
Cemetery	96,962	142,663			96,962	142,663
Public safety	112,505	112,233			112,505	112,233
Transportation	201,535	198,915			201,535	198,915
Stabilization by State						
Statute	306,511	324,882			306,511	324,882
Unrestricted	(1,620,039)	(2,144,513)	2,437,329	1,888,935	817,290	(255,578)
Total net position	1,736,528	1,079,932	17,069,851	15,226,209	18,806,379	16,306,141

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Mayodan exceeded liabilities and deferred inflows by \$18,806,379 as of June 30, 2024. The town's net position increased by \$2,500,238 for the fiscal year ended June 30, 2024. However, the largest portion reflects the town's investment in capital assets (e.g., land, buildings, machinery, and equipment). The Town of Mayodan uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Mayodan's net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town of

Town of Mayodan

Mayodan's net position, 4%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$817,290 is unrestricted.

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

- Total debt related to governmental activities amounted to \$5,845,752 at June 30, 2024, a decrease of \$87,543 or 1% in comparison with the prior year. Most of the decrease is due to the decrease in the net OPEB obligation and unearned income.
- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99%, which is comparable to the statewide average.

Town of Mayodan

Town of Mayodan Changes in Net Position
Figure 3

	Governmental Activities 2024	Governmental Activities 2023	Business Type Activities 2024	Business Type Activities 2023	Total 2024	Total 2023
Revenues:						
Program revenues:						
Charges for services	395,628	375,183	3,716,091	4,416,052	4,111,719	4,791,235
Operating grants and contributions	281,109	831,467		-	281,109	831,467
Capital grants and contributions	479,598	142,243	1,031,295	-	1,510,893	142,243
General revenues:						
Property taxes	1,965,739	1,868,850	-	-	1,965,739	1,868,850
Other taxes	881,457	878,956	-	-	881,457	878,956
Unrestricted Intergovernmental Revenues	322,310	302,834	-	-	322,310	302,834
Restricted Intergovernmental Revenues	-	-	-	-	-	-
Grants and contributions not restricted to specific prog	-	-	-	-	-	-
Investment earnings	37,756	17,896	62,906	30,599	100,662	48,495
Gain (loss) on sale of capital assets	-	38,572	20,001	-	20,001	38,572
Miscellaneous	47,389	22,802	-	-	47,389	22,802
Transfers	(479,598)	(142,243)	479,598	142,243	-	-
Total Revenues	3,931,388	4,336,560	5,309,891	4,588,894	9,241,279	8,925,454
Expenses:						
General government	542,219	501,851	-	-	542,219	501,851
Public safety	1,711,686	1,648,461	-	-	1,711,686	1,648,461
Transportation	301,022	473,690	-	-	301,022	473,690
Economic development	136,026	120,987	-	-	136,026	120,987
Sanitation	186,049	242,004	-	-	186,049	242,004
Culture and recreation	384,168	944,680	-	-	384,168	944,680
Water and sewer	-	-	3,466,249	2,891,268	3,466,249	2,891,268
Cemeteries	377	85	-	-	377	85
Interest on long term debt	6,745	8,730	-	-	6,745	8,730
Special Appropriations	6,500	6,707	-	-	6,500	6,707
Total Expenses	3,274,792	3,947,195	3,466,249	2,891,268	6,741,041	6,838,463
Increase (decrease) in net position	656,596	389,365	1,843,642	1,697,626	2,500,238	2,086,991
Net position, July 1	1,079,932	690,567	15,226,209	13,528,583	16,306,141	14,219,150
Net position, June 30	1,736,528	1,079,932	17,069,851	15,226,209	18,806,379	16,306,141

Town of Mayodan

Governmental activities. Governmental activities increased the Town's net position by \$656,596.

Business-type activities: Business-type activities increased the Town of Mayodan's net position by \$1,843,642.

Financial Analysis of the Town Funds

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

Governmental Funds. The focus of the Town of Mayodan's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Mayodan's financing requirements. Specifically, unassigned fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The general fund is the chief operating fund of the Town of Mayodan. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$2,473,366 while total fund balance amounted to \$3,397,987. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 67% percent of total General Fund expenditures. Total fund balance represents 92% percent of total General Fund expenditures.

At June 30, 2024, the governmental funds of the Town of Mayodan reported a combined fund balance of \$3,397,987 an 8% increase from last year.

General Fund Budgetary Highlights: During the fiscal year, the town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services.

Revenues were \$37,934 less than the budgeted amounts primarily because of restricted intergovernmental revenues. Taxes, sales & services, and other taxes were \$96,603, \$52,277, and \$163,174 more than the Town had budgeted, respectively. Restricted Intergovernmental Revenues were (\$449,818) less than budgeted and investment earnings were \$29,256 more than budgeted. Actual expenditures were \$565,222 less than the budgeted amount primarily because Public Safety expenditures, Transportation expenditures, cultural and recreational expenditures, and general government expenditures were \$69,922, \$29,895, \$451,034, and \$8,462 less than the budgeted amounts, respectively.

Proprietary Funds. The town's proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of

Town of Mayodan

the Water and Sewer fund at the end of the fiscal year amounted to \$2,437,329. The total increase in net position for this fund was \$1,843,642. Factors concerning the finances of this fund have already been addressed in the discussion of the town's business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Mayodan's investment in capital assets for its governmental and business-type activities as of June 30, 2024, totals \$17,686,318 (net of accumulated depreciation). These assets include buildings, land, furniture and equipment, park facilities, and vehicles and motorized equipment.

Major capital asset transactions during the year include the following additions:

- Governmental Activities – Additions
 - Buildings 61,045
 - Furniture and Equipment 56,049
 - Vehicles 111,622
 - Infrastructure-road 147,200
- Water and Sewer Fund – Additions
 - Construction in Process 626,300
 - Plant and Distribution System 749,770
 - Vehicles 152,104
 - Furniture and Equipment 49,165
- Depreciation expense for business type activities for the year ending June 30, 2024 amounted to \$575,917.
- Depreciation expense for governmental activities amounted to \$246,340.

Town of Mayodan

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

Figure 4

	Governmental Activities 2024	Governmental Activities 2023	Business-type Activities 2024	Business-type Activities 2023	Total 2024	Total 2023
Land:						
Farris Park	201,000	201,000			201,000	201,000
Other	233,717	233,717	111,061	111,061	344,778	344,778
Washington Mills	249,987	249,988			249,987	249,988
Construction in Progress	3,000	3,000	968,664	342,364	971,664	345,364
Total Assets not being dep	687,704	687,705	1,079,725	453,425	1,767,429	1,141,130
Buildings	347,757	322,907			347,757	322,907
Farris Park Improvements	178,025	190,756			178,025	190,756
Land Improvements	27,619	29,978			27,619	29,978
Furniture & Equipment	227,644	235,677	172,653	177,616	400,297	413,293
Plant & Distribution Systems			13,399,787	13,138,099	13,399,787	13,138,099
Vehicles and motorized equi	432,490	428,755	166,846	48,448	599,336	477,203
Infrastructure	966,068	841,954			966,068	841,954
Total	2,867,307	2,737,732	14,819,011	13,817,588	17,686,318	16,555,320

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

Long-term Debt. As of June 30, 2024, the Town of Mayodan had total long-term debt outstanding of \$415,599. All of this debt is backed by the full faith and credit of the town.

Town of Mayodan

Installment Purchases and Construction Loans

Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2024	2023	2024	2023	2024	2023
Installment Purchases	229,110	292,811			229,110	292,811
Public Works Facility			186,489	227,904	186,489	227,904
Installment Loan						
Two MG Water Tank			-	-	-	-
Regional Wastewater Treatment						
Plant Revolving Loan			-	252,411	-	252,411
Total	229,110	292,811	186,489	480,315	415,599	773,126

The Town of Mayodan's total long-term debt decreased by \$357,527 (46%) during the past fiscal year, primarily due to the retirement of the WWTP revolving loan.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue up to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Town of Mayodan is \$21,175,056. The town has no bonds authorized but un-issued at June 30, 2024.

Additional information regarding the Town of Mayodan's long-term debt can be found in note II 5 beginning on page 60 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- Mayodan is home to several manufacturing industries. Strum Ruger, Milliken, Blow Molded, and Bridgestone Aircraft Tire are operating at full capacity, with on-going efforts to hire employees. The manufacturing industry continues to improve their production lines with upgraded equipment. This increase in capital improvement and equipment purchases increases the taxable property values.
- The collection rate for real property taxes is greater than 99% and the rate for DMV tax collection was closer to 100%. Tax collection rates for the Town of Mayodan are consistently higher than the state average. The Town saw an increase in the tax base this year due to continued residential construction and rehabilitation of homes.
- Farris Memorial Park and the Mayo River State Park continues to be a draw for visitors from all over the state. The North Carolina National Interscholastic Cyclist Association race and state championship race returned to Farris Memorial Park this spring. This draws in excess of 2,500 visitors to the park in a given weekend. Hosting

Town of Mayodan

the championship event in the park increases the potential for more visitors, increased sales tax, and fee payments to the Town. In the next fiscal year, the Town of Mayodan will utilize funds received by a direct allocation from the North Carolina State Budget of \$350,000 for improvements to both Farris Memorial and Washington Mills Future recreational park site.

- The annual festivals, What the Hay Fest, Hay O Dan Art Sculptures, and the Downtown Christmas Stroll, are also a draw to the downtown area, which increases the visitation to local small businesses. This provides opportunities for increased sales tax revenues for the town and provides visitors with a positive outlook of the town.
- The Town continues to capitalize on the outdoor recreation in our area. Tubing at the Madison-Mayodan Recreation Department continues to do well in the summer. Mayodan continues to utilize Facebook, Instagram, the website, podcasts, and printed literature to draw visitors to the area. Visitor traffic has the potential to transition to permanent residents and Mayodan will continue to put its best foot forward to capitalize on those potential new citizens. The Recreation Department actively seeks out various projects and fundraisers that bring people into Mayodan.

Budget Highlights for the Fiscal Year Ending June 30, 2024

- Ad valorem tax rate set at \$0.695 per \$100 of taxable value
- The water and sewer rates remain stable at \$6.75 per 1,000 gallons for internal customers and \$16.88 per 1,000 gallons for external customers.
- The Town continues to make significant improvements to water and sewer infrastructure and the sewer plant. This includes an agreement to provide sewer treatment for the US220 corridor south where growth is anticipated. The agreement provides a total of over \$7 million for the purchase of capacity.
- The Town of Mayodan previously utilized funds received in fiscal year 2022 for the Washington Mills Brownfield site cleanup. The Town continues to work with the EPA and State of North Carolina to clean up the site and put it back into use. The grant was extended until June 30, 2028. In future fiscal years, funds from the Washington Mills grant and OSBM allocation will be utilized to construct new recreational facilities for citizens.

Governmental Activities: Budgeted expenditures in the General Fund are expected to remain stable for the year ended June 30, 2024.

Town of Mayodan

Requests for Information

This report is designed to provide an overview of the town finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to:

Melody Shuler
Town Manager
Town of Mayodan
210 W. Main St.
Mayodan, NC27027
(336) 427-0241
Email: mshuler@mayodannc.org

Town of Mayodan
Statement of Net Position
June 30, 2024

Exhibit 1

	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and cash equivalents	2,810,483	3,617,080	6,427,563
Taxes receivable, net of allowance for uncollectible of \$15,224	22,609	-	22,609
Customer receivables, net of allowance for uncollectible of \$48,225 and \$99,440, respectively	44,440	462,979	507,419
Accrued interest receivable	-	-	-
Prepaid Expense	12,918	30,400	43,318
Due from other governments	248,248	47,039	295,287
Internal balances	(155)	155	-
Inventory	-	247,627	247,627
Total Current Assets	<u>3,138,543</u>	<u>4,405,280</u>	<u>7,543,823</u>
Restricted Assets			
Cash and Temporary Investments	<u>1,194,036</u>	<u>871,689</u>	<u>2,065,725</u>
Capital assets			
Land and Construction in Progress	687,704	111,061	798,765
Other capital assets, net of depreciation	<u>2,179,603</u>	<u>14,707,950</u>	<u>16,887,553</u>
Total Capital Assets	<u>2,867,307</u>	<u>14,819,011</u>	<u>17,686,318</u>
Total Assets	<u>7,199,886</u>	<u>20,095,980</u>	<u>27,295,866</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	723,986	267,682	991,668
OPEB deferrals	<u>449,164</u>	<u>241,857</u>	<u>691,021</u>
Total deferred outflows of resources	<u>1,173,150</u>	<u>509,539</u>	<u>1,682,689</u>

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

Town of Mayodan
Statement of Net Position
June 30, 2024

Exhibit 1, cont.

	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
Accounts payable and accrued liabilities	129,806	6,475	136,281
Compensated absences payable	131,732	84,913	216,645
Unearned revenue	782,177	773,860	1,556,037
Customer deposits	-	51,510	51,510
Net OPEB obligation	2,955,928	1,624,033	4,579,961
Net pension liability	927,537	436,488	1,364,025
Net pension obligation-separation allowance	689,462	-	689,462
Long-term notes payable:			
Due within one year	63,701	42,588	106,289
Due in more than one year	165,409	143,901	309,310
Total liabilities	<u>5,845,752</u>	<u>3,163,768</u>	<u>9,009,520</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	106,277	3,335	109,612
OPEB deferrals	684,479	368,565	1,053,044
Total deferred inflows of resources	<u>790,756</u>	<u>371,900</u>	<u>1,162,656</u>
NET POSITION			
Net investment in capital assets	2,638,197	14,632,522	17,270,719
Restricted for:			
Economic Development	857	-	857
Cemetery	96,962	-	96,962
Public safety	112,505	-	112,505
Transportation	201,535	-	201,535
Stabilization by State Statute	306,511	-	306,511
Unrestricted	<u>(1,620,039)</u>	<u>2,437,329</u>	<u>817,290</u>
Total net position	<u><u>1,736,528</u></u>	<u><u>17,069,851</u></u>	<u><u>18,806,379</u></u>

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

Town of Mayodan
Statement of Activities
For the Year Ended June 30, 2024

Exhibit 2

					Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Program Revenues		Capital Grants and Contributions	Primary Government		Total
		Charges for Services	Operating Grants and Contributions		Governmental Activities	Business- Type Activities	
Primary Government:							
Governmental Activities:							
General government	542,219	132,290	-	479,598	69,669		69,669
Public Safety	1,711,686	842	190,150	-	(1,520,694)		(1,520,694)
Transportation	301,022	-	86,768	-	(214,254)		(214,254)
Economic Development	136,026	-	-	-	(136,026)		(136,026)
Environmental Protection	186,049	225,600	1,891	-	41,442		41,442
Cultural and Recreation	384,168	25,196	2,300	-	(356,672)		(356,672)
Cemeteries	377	11,700	-	-	11,323		11,323
Interest on long-term debt	6,745	-	-	-	(6,745)		(6,745)
Special Appropriations	6,500	-	-	-	(6,500)		(6,500)
Total Governmental Activities	3,274,792	395,628	281,109	479,598	(2,118,457)	-	(2,118,457)
Business Type Activities							
Water & Sewer Fund	3,466,249	3,716,091	-	1,031,295		1,281,137	1,281,137
Total	6,741,041	4,111,719	281,109	1,510,893	(2,118,457)	1,281,137	(837,320)
General Revenues:							
Property Taxes, Levied for General Purposes					1,965,739		1,965,739
Taxes Other than Property Taxes					881,457		881,457
Unrestricted Intergovernmental Allocations					322,310		322,310
Investment Earnings					37,756	62,906	100,662
Miscellaneous					47,389	20,001	67,390
Transfers					(479,598)	479,598	-
Total General Revenues, Special Items, and Transfers					2,775,053	562,505	3,337,558
Change in Net Position					656,596	1,843,642	2,500,238
Net Position - Beginning					1,079,932	15,226,209	16,306,141
Net Position - Ending					1,736,528	17,069,851	18,806,379

Town of Mayodan, North Carolina
Balance Sheet
Governmental Funds
June 30, 2024

Exhibit 3

	Major		
	General Fund	American Rescue Plan Act Fund	Total
Assets:			
Cash and cash equivalents	2,810,483		2,810,483
Restricted Cash	1,194,036		1,194,036
Receivables:			-
Taxes (net)	22,609		22,609
Accounts Receivable (net)	44,440		44,440
Street assessments	4,134		4,134
Prepaid Expenses	12,918		12,918
Due from other funds	(155)		(155)
Due from other governmental units	248,248		248,248
Total assets	<u>4,336,713</u>	<u>-</u>	<u>4,336,713</u>
Liabilities:			
Accounts payable and accrued liabilities	129,806		129,806
Unearned Revenue	782,177		782,177
Total liabilities	<u>911,983</u>	<u>-</u>	<u>911,983</u>
Deferred Inflows of Resources			
Street Assessments Receivable	4,134		4,134
Property Taxes Receivable	22,609		22,609
Total Deferred Inflows of Resources	<u>26,743</u>	<u>-</u>	<u>26,743</u>
Fund Balances:			
Non-Spendable			
Prepaid Expenses	12,918		12,918
Restricted			
Streets	201,535		201,535
Cemetery	96,962		96,962
Public Safety	112,505		112,505
Economic Development	857		857
Stabilization by State Statute	319,429		319,429
Assigned			
Subsequent Year's Expenditures	180,415		180,415
Unassigned	2,473,366		2,473,366
Total Fund Balances	<u>3,397,987</u>	<u>-</u>	<u>3,397,987</u>
Total Liabilities and Fund Balances	<u>4,336,713</u>	<u>-</u>	<u>4,336,713</u>

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

Town of Mayodan, North Carolina
Balance Sheet
Governmental Funds
June 30, 2024

Exhibit 3, cont.

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

Total Fund Balance		3,397,987
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		2,867,307
Net pension liability		(927,537)
Deferred outflows of resources related to pensions and OPEB		1,173,150
Deferred inflows of resources related to pensions and OPEB		(790,756)
Liabilities for earned revenues considered deferred inflows of resources in fund statements		22,609
Liabilities not due and payable in current period and not reported		
Long-term notes payable	(229,110)	
Net pension obligation-separation allowance	(689,462)	
Compensated absences payable	(131,732)	
Net OPEB obligation	<u>(2,955,928)</u>	<u>(4,006,232)</u>
Total Net Position of Governmental Activities		<u><u>1,736,528</u></u>

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

Town of Mayodan, North Carolina
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

Exhibit 4

	Major		Total
	General	American	Governmental
	Fund	Rescue Plan Act	Funds
	Fund	Fund	
Revenues:			
Ad valorem taxes	1,962,030		1,962,030
Other taxes	881,457		881,457
Unrestricted intergovernmental revenues	322,310		322,310
Restricted intergovernmental revenues	203,314	540,161	743,475
Permits and fees	2,290		2,290
Sales and services	393,327		393,327
Investment earnings	37,756		37,756
Insurance claims	39,978		39,978
Miscellaneous	24,651		24,651
Total revenues	<u>3,867,113</u>	<u>540,161</u>	<u>4,407,274</u>
Expenditures:			
General government	589,271		589,271
Public safety	1,804,022		1,804,022
Transportation	394,691		394,691
Economic development	136,026		136,026
Environmental protection	213,879		213,879
Cultural and recreational	409,651		409,651
Cemetery	61,763		61,763
Debt Service	70,445		70,445
Special appropriations	6,500		6,500
Total expenditures	<u>3,686,248</u>	<u>-</u>	<u>3,686,248</u>
Revenue over (under) expenditures	<u>180,865</u>	<u>540,161</u>	<u>721,026</u>
Other financing sources (uses)			
Operating transfers (to) from other funds, net	<u>60,563</u>	<u>(540,161)</u>	<u>(479,598)</u>
Increase (decrease) in fund balance	241,428	-	241,428
Fund balance, beginning of year,	<u>3,156,559</u>	<u>-</u>	<u>3,156,559</u>
Fund balance, end of year	<u><u>3,397,987</u></u>	<u><u>-</u></u>	<u><u>3,397,987</u></u>

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

Town of Mayodan, North Carolina
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2024

Exhibit 4
(continued)

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

Net changes in fund balances - total governmental funds		241,428
---	--	---------

Governmental funds report capital outlays as expenditures; however, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation in the current period.

Capital Outlay	375,914	
Depreciation	<u>(246,340)</u>	129,574

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

Pension	176,437	
OPEB	92,700	
Police officer separation payments	<u>40,211</u>	309,348

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

Change in unavailable revenue		3,709
-------------------------------	--	-------

The issuance of long-term debt provides current financial resources to government funds, while the repayment of the principal on long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

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

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(11,841)	
Net OPEB Obligation	253,239	
Net Pension Obligation - Police Officer Separation	(69,854)	
Pension expense	<u>(262,708)</u>	<u>(91,164)</u>

Total changes in net assets of governmental activities		<u><u>656,596</u></u>
--	--	-----------------------

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

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual
For the Year Ended June 30, 2024

Exhibit 5

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenue:				
Ad valorem taxes	1,865,427	1,865,427	1,962,030	96,603
Other taxes	690,238	718,283	881,457	163,174
Unrestricted intergovernmental Revenues	235,000	235,000	322,310	87,310
Restricted intergovernmental Revenues	650,382	653,132	203,314	(449,818)
Permits and Fees	750	750	2,290	1,540
Sales and Services	341,050	341,050	393,327	52,277
Investment earnings	8,500	8,500	37,756	29,256
Insurance claims	-	39,978	39,978	-
Miscellaneous	42,927	42,927	24,651	(18,276)
Total Revenue	3,834,274	3,905,047	3,867,113	(37,934)
General government	513,700	597,733	589,271	8,462
Public safety	1,754,871	1,873,944	1,804,022	69,922
Transportation	422,836	424,586	394,691	29,895
Economic development	150,292	137,805	136,026	1,779
Environmental protection	204,966	214,266	213,879	387
Cultural and recreational	847,317	860,685	409,651	451,034
Cemetery	2,500	65,500	61,763	3,737
Debt Service	70,301	70,451	70,445	6
Special Appropriations	6,500	6,500	6,500	-
Total Expenditures	3,973,283	4,251,470	3,686,248	565,222
Revenue over (under) Expenditures	(139,009)	(346,423)	180,865	527,288
Other financing sources (uses)				
Operating transfer from (to) other funds	-	-	60,563	60,563
Fund Balance Appropriated	139,009	346,423	-	(346,423)
	139,009	346,423	60,563	(285,860)
Excess of Revenues and Other Sources Over (under) Expenditures and other uses	-	-	241,428	241,428
Fund balance, beginning of year			3,156,559	
Fund balance, end of year			3,397,987	

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

Town of Mayodan, North Carolina
Proprietary Fund - Water and Sewer Fund
Statement of Net Position
For the Year Ended June 30, 2024

Exhibit 6

Assets:	<u>Enterprise Fund</u>
Current assets:	
Cash and temporary investments	3,617,080
Accounts receivable-customers (net)	462,979
Inventory	247,627
Prepaid expenses	30,400
Due from other governments	<u>47,039</u>
Total current assets	<u>4,405,125</u>
Restricted assets:	
Cash and temporary investments	<u>871,689</u>
Capital assets (net)	<u>14,819,011</u>
Total assets	<u>20,095,825</u>
Deferred outflows of resources	
Pension deferrals	267,682
OPEB deferrals	<u>241,857</u>
Total deferred outflows of resources	<u>509,539</u>
Total assets and deferred outflow of resources	<u><u>20,605,364</u></u>

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

Town of Mayodan, North Carolina
Proprietary Fund - Water and Sewer Fund
Statement of Net Position
For the Year Ended June 30, 2024

Exhibit 6, cont.

Liabilities, Deferred Inflows of Resources and Net Position:

Current liabilities:

Accounts payable	6,475
Accrued salaries	9,154
Customer deposits	51,510
Due to Other Funds	(155)
Notes payable - current maturities	42,588
Total current liabilities	<u>109,572</u>

Other liabilities:

Accrued vacation pay	75,759
Net pension liability	436,488
Notes payable - non-current maturities	143,901
Net OPEB obligation	1,624,033
Unearned revenue	773,860
Total other liabilities	<u>3,054,041</u>
Total liabilities	<u>3,163,613</u>

Deferred inflows of resources:

Pension deferrals	3,335
OPEB deferrals	368,565
Total deferred outflows of resources	<u>371,900</u>

Net Position:

Net Investment in capital assets	14,632,522
Restricted for capital projects	0
Unrestricted	<u>2,437,329</u>

Total Net Position	<u>17,069,851</u>
--------------------	-------------------

Total liabilities, deferred inflows of resources and net position	<u><u>20,605,364</u></u>
---	--------------------------

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

Town of Mayodan
Statement of Revenues, Expenses and Changes in Fund Net Position
Proprietary Fund - Water and Sewer Fund
For the Year Ended June 30, 2024

Exhibit 7

	<u>Enterprise Fund</u>
Operating Revenue:	
Water and sewer charges	3,363,772
Other operating revenues	<u>352,319</u>
Total revenues	<u>3,716,091</u>
Operating expenses:	
Water Department	632,886
Water Plant	865,367
Sewer Department	667,506
Waste Water Treatment Plant	574,340
Bad Debt	6,954
Utility Service Fee	<u>130,000</u>
Total operating expenses other than depreciation	2,877,053
Depreciation	<u>575,920</u>
Total operating expenses	<u>3,452,973</u>
Net operating income	<u>263,118</u>
Non-operating revenues (expenses)	
Capital Contributions	1,031,295
Interest income	62,906
Transfer from ARPA Fund	479,598
Sale of capital assets	20,001
Interest expense	<u>(13,276)</u>
Net non-operating revenue (expense)	<u>1,580,524</u>
Net Income/(Loss)	1,843,642
Total Net Position - beginning of year	<u>15,226,209</u>
Total Net Position - end of year	<u><u>17,069,851</u></u>

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

Town of Mayodan, North Carolina
Statement of Cash Flows
Proprietary Fund - Water and Sewer Fund
For the Year Ended June 30, 2024

Exhibit 8

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	3,690,578
Cash paid for goods & services	(1,920,398)
Cash paid to employees	(980,953)
Customer deposits and refunds received	<u>4,215</u>
Net cash provided by operating activities	<u>793,442</u>
Cash flows from non-capital financing activities:	
Increase (decrease) in due to other funds	(571,587)
Net cash used by non-capital financing activities	<u>(571,587)</u>
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(1,577,339)
Sale of capital assets	20,001
Capital contribution from other governments	167,278
Principal paid on bonds and equipment contracts	(293,826)
Interest paid on bonds and equipment contracts	(13,276)
Transfer from ARPA Fund	<u>479,598</u>
Net cash used by capital and related financing activities	<u>(1,217,564)</u>
Cash flows from investing activities:	
Interest on investments	57,857
Interest Received From other governments	5,049
Principal Received from other governments	<u>189,813</u>
Net cash used for investing activities	<u>252,719</u>
Net increase (decrease) in cash and cash equivalents	(742,990)
Cash and cash equivalents at beginning of year	<u>5,231,759</u>
Cash and cash equivalents at end of year	<u><u>4,488,769</u></u>

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

Town of Mayodan, North Carolina
Statement of Cash Flows
Proprietary Fund - Water and Sewer Fund
For the Year Ended June 30, 2024

Exhibit 8

	<u>Enterprise Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income (Loss)	<u>263,118</u>
Adjustments to reconcile operating income (Loss) to net cash provided by operating activities:	
Depreciation	575,920
Amortization of revenue from Waste Water Treatment Rights	(189,813)
Change in assets and Liabilities:	
(Increase) decrease in accounts receivables customers	171,254
(Increase) decrease in inventories	62,150
(Increase) decrease in prepaid expenses	(30,400)
Net pension expense	40,598
Net OPEB expense	206,196
Increase (decrease) in accounts payable	(340,365)
Increase (decrease) in customer deposits	4,215
Increase (decrease) in accrued salaries	2,105
Increase (decrease) in accrued vacation pay	14,377
(Increase) decrease in due from other governments	<u>14,087</u>
Total Adjustments	<u>530,324</u>
Net cash provided by operating activities	<u><u>793,442</u></u>

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

I. Summary of Significant Accounting Policies

The accounting policies of the Town of Mayodan conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Mayodan is a municipal corporation which is governed by an elected mayor and five-member council.

B. Basis of Presentation

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

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

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

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

The Town reports the following major governmental funds:

General Fund - The General Fund is the general operating fund of the Town. It is used to account for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes and state shared revenues. The primary expenditures are for public safety, streets, sanitation, recreation and general government services.

American Rescue Plan Act Fund – The Special Revenue Fund is used to account for the proceeds of the transactions related to the American Rescue Plan Act Funds.

The Town reports the following major enterprise fund:

Water and Sewer Fund – The Town of Mayodan has one enterprise fund: the Water and Sewer Fund.

C. Measurement Focus and Basis of Accounting

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

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

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operation. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

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

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

D. Budgetary Data

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

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

1. Deposits and Investments

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

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

2. Cash and Cash Equivalents

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

3. Restricted Assets

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

Town of Mayodan Restricted Cash

Governmental Activities	
Streets	\$ 201,535
Cemetery	96,962
Public Safety	112,505
Economic Development	857
Deferred Grant Revenue	782,177
Total governmental activities	<u>1,194,036</u>
Business-type Activities	
Water and Sewer Fund	
Loan Reserve	39,034
Customer Deposits	58,795
Deferred Revenue	773,860
Total Business-type Activities	<u>871,689</u>
Total Restricted Cash	<u>\$ 2,065,725</u>

4. Ad Valorem Taxes Receivable

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

5. Allowances for Doubtful Accounts

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

6. Inventory and Prepaid Items

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

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

7. Capital Assets

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

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

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

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion, contributions made to the pension plan and for other postemployment benefit (OPEB) payments made in the 2024 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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

recognized as revenue until then. The Town has only four items that meet the criterion for this category – street assessments and property taxes receivable, pension deferrals and OPEB deferrals.

9. Long-Term Debt

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

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

10. Compensated Absences

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

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

11. Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

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

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

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

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

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

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

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

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

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

12. Defined Benefit Cost-Sharing Plans

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

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

F. Leases

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

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

II. Detail Notes on All Funds

A. Assets

1. Deposits

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

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

At June 30, 2024 the Town's deposits had a carrying amount of \$8,493,288 and a bank balance of \$8,629,473. The Town's bank balances are fully covered by federal depository insurance or by collateral held under the pooling method. At June 30, 2024, the Town's petty cash fund totaled \$200.00.

2. Receivables - Allowance for Doubtful Accounts

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

	<u>June 30, 2024</u>
General Fund	
Taxes Receivable	\$ 15,224
Accounts Receivable	48,225
Enterprise funds	
Water and Sewer Fund	<u>99,440</u>
	<u>\$ 162,889</u>

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

3. Capital Assets

Capital asset activity for the Town of Mayodan for the year ended June 30, 2024 was as follows:

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Governmental Activities:				
Capital assets not being depreciated:				
Farris Park	201,000			201,000
Land - Other	233,717			233,717
Washington Mills Property	249,987			249,987
Construction in Progress	3,000			3,000
Total capital assets not being depreciated	<u>687,704</u>	<u>-</u>	<u>-</u>	<u>687,704</u>
Capital assets being depreciated:				
Buildings	1,104,481	61,045		1,165,526
Land improvements	50,608			50,608
Farris Park	807,295			807,295
Furniture and equipment	1,477,351	56,049		1,533,400
Vehicles and motorized equipment	1,910,298	111,622		2,021,920
Infrastructure -road	1,028,866	147,200		1,176,066
Total capital assets being depreciated	<u>6,378,899</u>	<u>375,916</u>	<u>-</u>	<u>6,754,815</u>
Less accumulated depreciation for:				
Buildings	781,573	36,196		817,769
Land improvements	20,631	2,358		22,989
Farris Park improvements	616,539	12,731		629,270
Furniture and equipment	1,241,673	64,083		1,305,756
Vehicles and motorized equipment	1,481,544	107,886		1,589,430
Infrastructure - road	186,912	23,086		209,998
Total accumulated depreciation	<u>4,328,872</u>	<u>246,340</u>	<u>-</u>	<u>4,575,212</u>
Total capital assets being depreciated, net	<u>2,050,027</u>			<u>2,179,603</u>
Governmental activities capital assets, net	<u>2,737,731</u>			<u>2,867,307</u>

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

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

		June 30, 2024		
		<u>2024</u>		
	General Government	12,579		
	Public Safety	137,391		
	Transportation	52,964		
	Cultural and Recreational	43,173		
	Cemetery	233		
	Total depreciation expense	<u>246,340</u>		
	Beginning			Ending
	Balances	Increases	Decreases	Balances
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	111,061			111,061
Construction in progress	<u>342,364</u>	<u>626,300</u>		<u>968,664</u>
Total capital assets not being depreciated	<u>453,425</u>	<u>626,300</u>	<u>-</u>	<u>1,079,725</u>
Capital assets being depreciated:				
Plant and distribution systems and buildings	24,469,024	749,770		25,218,794
Furniture and equipment	914,706	49,165		963,871
Vehicles	<u>358,556</u>	<u>152,104</u>	<u>37,857</u>	<u>472,803</u>
Total capital assets being depreciated	<u>25,742,286</u>	<u>951,039</u>	<u>37,857</u>	<u>26,655,468</u>
Less accumulated depreciation for:				
Plant and distribution systems and buldings	11,330,926	488,081		11,819,007
Furniture and Equipment	737,090	54,128		791,218
Vehicles	<u>310,106</u>	<u>33,708</u>	<u>37,857</u>	<u>305,957</u>
Total accumulated depreciation	<u>12,378,122</u>	<u>575,917</u>	<u>37,857</u>	<u>12,916,182</u>
Total capital assets being depreciated, net	<u>13,364,164</u>			<u>13,739,286</u>
Business-type Activities				
Capital Assets, Net	<u>13,817,589</u>			<u>14,819,011</u>

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

4. Non-Current Assets:

A. Amount due from other governments:

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

The Towns of Madison and Stoneville made their final payments during the 2023-2024 fiscal year.

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

B. Liabilities

1. Pension Plan Obligations and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Mayodan employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Mayodan's contractually required contribution rate for the year ended June 30, 2024, was 14.04% of compensation for law enforcement officers and 12.95% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Mayodan were \$259,736 for the year ended June 30, 2024.

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

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

At June 30, 2024, the Town reported a liability of \$1,364,025 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2024, the Town's proportion was .02060%, which was a decrease of .00062% from its proportion measured as of June 30, 2023.

For the year ended June 30, 2024, the Town recognized pension expense of \$386,302. At June 30, 2024, 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	151,993	3,272
Changes in assumptions	57,963	
Net difference between projected and actual earnings on pension plan investments	365,073	
Changes in proportion and differences between Town contributions and proportionate share of contributions	2,043	7,150
Town contributions subsequent to the measurement date	259,433	
Total	<u>836,505</u>	<u>10,422</u>

\$259,433 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

Year ended June 30:

2025	\$ 206,384
2026	102,524
2027	242,304
2028	15,437
2029	-
Thereafter	-
	\$ 566,650

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

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

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021. No changes have been made since the prior valuation.

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:

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

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

The information above is based on 30 year expectations developed with the consulting actuary for the 2022 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 6.5%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

	<u>1% Decrease (5.50%)</u>	<u>Discount Rate (6.50%)</u>	<u>1% Increase (7.50%)</u>
Town's proportionate share of the net pension liability (asset)	2,363,119	1,364,025	541,477

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

b. Law Enforcement Officers Special Separation Allowance

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

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

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

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

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

3. Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2022 valuation. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation
Discount rate	4.00 percent
The discount rate used to measure the TPL is the S&P Municipal Bond 20 Year High Grade Rate index.	

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Town made \$40,211 in Separation Allowance payments for the year ended June 30, 2024.

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

At June 30, 2024, the Town reported a total pension liability of \$689,462. The total pension liability was measured as of December 31, 2023 based on a December 31, 2022 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2023 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2024, the Town recognized pension expense of \$69,855.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 67,301	\$ 24,715
Changes of assumptions	64,678	74,475
Town benefit payments and plan administrative expense made subsequent to the measurement date	<u>23,184</u>	<u>-</u>
Total	<u>\$ 155,163</u>	<u>\$ 99,190</u>

The \$23,184 reported as deferred outflows of resources related to pensions will be recognized as a decrease of the total pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2024	24,920
2025	25,120
2026	(7,402)
2027	(11,784)
2028	1,935
Thereafter	-

Sensitivity of the Town's total pension for the separation allowance liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 4.00 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 (3.00 percent) or 1-percentage-point higher (5.00 percent) than the current rate:

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

	1% Decrease (3.00%)	Discount Rate (4.00%)	1% Increase (5.00%)
Total pension liability	\$ 737,649	\$ 689,462	\$ 645,277

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

Beginning Balance as of December 31, 2022	\$ 647,943
Service Cost	23,426
Interest on the total pension liability	27,192
Differences between expected and actual experience	11,747
Changes of assumptions or other inputs	13,208
Benefit Payments	<u>(34,054)</u>
Ending balance as of December 31, 2023	<u>\$689,462</u>

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an experience study completed by the actuary for the local governmental employees' retirement system for the five year period ending December 31, 2019.

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 386,302	\$ 69,854	\$ 456,156
Pension Liability	1,364,025	689,462	2,053,487
Proportionate share of the net pension liability	0.02060%	NA	
Deferred of Outflows of Resources:			
Differences between expected and actual experience	151,993	67,301	219,294
Changes of assumptions	57,963	64,678	122,641
Net difference between projected and actual earnings on plan investments	365,073		365,073
Changes in proportion and differences between contributions and proportionate share of contributions	2,043		2,043
Benefit payments and administrative costs paid subsequent to the measurement date	259,433	23,184	282,617
	<u>836,505</u>	<u>155,163</u>	<u>991,668</u>
Deferred of Inflows of Resources			
Differences between expected and actual experience	3,272	24,715	27,987
Changes of assumptions		74,475	74,475
Net difference between projected and actual earnings on plan investments			
Changes in proportion and differences between contributions and proportionate share of contributions	7,150		7,150
	<u>10,422</u>	<u>99,190</u>	<u>109,612</u>

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

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

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

All employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2024 were \$198,875 which consisted of \$96,528 from the Town and \$102,347 from the employees.

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

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

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

Contributions. Plan members are required to contribute \$10 per month to the plan. The State, a non-employer contributor, funds the plan through appropriations. The Town does not contribute to the plan. Contribution provisions are established by

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2024, the State contributed \$19,702,208 to the plan. The Town's proportionate share of the State's contribution is \$9,107.

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

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

At June 30, 2024, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$4,303. The net pension liability was measured as of June 30, 2023. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2022. The total pension liability was then rolled forward to the measurement date of June 30, 2023 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2024 and at June 30, 2023 was 0%.

For the year ended June 30, 2024, the Town recognized pension expense of \$4,462 and revenue of \$4,462 for support provided by the State. At June 30, 2024, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

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

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

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

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

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

e. Other Postemployment Benefits

1. Postemployment Health Care Benefits

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

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

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

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

2) If hired after 7/14/2008:

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

3) If hired after July 1, 2017, no benefits are provided.

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

Membership of the Health Care Plan consisted of the following at June 30, 2023, the date of the latest actuarial valuation:

	General Employees:	Law Enforcement Officers:
Retired members receiving benefits	17	2
Terminated plan members entitled to but not yet receiving benefits	-	-
Active plan members	2	15
Total	<u>19</u>	<u>17</u>

Total OPEB Liability

The Town's OPEB liability of \$4,579,961 was measured as of June 30, 2023 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 %
Real Wage Growth	0.75 %
Wage Inflation	3.25 %
Salary Increases, including wage inflation	
General Employees	3.25 % - 8.41 %
Fire Fighters	3.25 % - 8.15 %
Law Enforcement Officers	3.25 % - 7.90 %
Municipal Bond Index Rate	
Prior Measurement Date	3.54%
Measurement Date	3.65%

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

Healthcare cost trend rates	
Pre-Medicare- Medical and Prescriptions	7.0% for 2023 decreasing to an ultimate rate of 4.5% by 2033
Medicare Medical and Prescription Drug	5.125% for 2023 decreasing to an ultimate rate of 4.5% by 2026

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Beginning of year balance	\$ 4,284,516
Changes for the year	
Service Cost	91,865
Interest on TOL and cash flows	152,050
Changes of benefit terms	-
Differences between expected and actual experience	212,875
Changes in assumptions or other inputs	2,438
Benefits payments	(163,783)
Net Changes	295,445
End of year balance	\$ 4,579,961

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increased used in the June 30, 2023 valuation were based on the results of an actuarial experience study for the period January 1, 2015 – December 31, 2019.

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

	1% Decrease (2.65 %)	Current Discount Rate (3.65%)	1% Increase (4.65 %)
Total OPEB Liability	\$ 5,354,124	\$ 4,579,961	\$ 3,970,787

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

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

	1% Decrease	Current Discount Rate	1% Increase
Total OPEB Liability	\$ 3,948,861	\$ 4,579,961	\$ 5,386,124

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

For the year ended June 30, 2024, the Town recognized OPEB expense of \$31,439. At June 30, 2024, 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	166,691	413,127
Changes of assumptions	364,918	639,917
Benefit payments and administrative costs made subsequent to the measurement date	159,412	
Total	<u>691,021</u>	<u>1,053,044</u>

\$159,412 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

Year Ended June 30:	
2025	\$ (152,357)
2026	(239,398)
2027	(129,680)
2028	-
2029	-
Thereafter	-

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

2. Other Employment Benefit

The Town has also elected to provide death benefits to employees through the Death Benefit Plan for Members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000. Because death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

3. Deferred Outflows and Inflows of Resources

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

	<u>Pension</u>	<u>OPEB</u>	<u>Total</u>
Contributions to plan in current fiscal year	282,617	159,412	442,029
Benefit Payments for separation allowance			-
Differences between expected and actual experience	219,294	166,691	385,985
Differences between projected and actual earnings on pension plan investments	365,073		365,073
Change in assumptions	122,641	364,918	487,559
Change in proportion and differences between Town contributions and proportionate share of contributions	<u>2,043</u>		<u>2,043</u>
	<u>991,668</u>	<u>691,021</u>	<u>1,682,689</u>

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

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

	Statement of Net Position	General Fund Balance Sheet
Prepaid Taxes	-	-
Other Receivables		4,134
Property Tax Receivable		22,609
Differences between expected and actual experience	441,114	
Differences between projected and actual earnings on pension plan investments	-	
Changes in proportion and differences between Town contributions and proportionate share of contribution	7,150	
Changes of assumptions (Separation allowance)	74,475	
Changes of assumptions (OPEB)	639,917	
	<u>1,162,656</u>	<u>26,743</u>

4. Risk Management

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

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

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

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

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

5. Long-Term Obligations

a. Public Works Facilities Building Loan

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

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2024-2025	5,304	42,588	47,892
2025-2026	3,934	43,957	47,892
2026-2027	2,521	45,370	47,892
2027-2028	1,065	46,827	47,892
2028-2029	32	7,747	7,779
	<u>12,856</u>	<u>186,489</u>	<u>199,346</u>

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

b. Madison-Mayodan Public Library

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

The payment schedule is as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2024-2025	1,302	15,834	17,136
2025-2026	930	15,834	16,764
2026-2027	558	15,834	16,392
2027-2028	186	13,521	13,707
2028-2029	-	-	-
	<u>2,976</u>	<u>61,023</u>	<u>63,999</u>

c. Fire Vehicle

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

The payment schedule is as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2024-2025	946	23,750	24,696
2025-2026	389	23,750	24,139
	<u>1,335</u>	<u>47,500</u>	<u>48,835</u>

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

d. Knuckleboom Truck

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

The payment schedule is as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2024-2025	2,856	24,117	26,973
2025-2026	2,244	24,117	26,362
2026-2027	1,633	24,117	25,750
2027-2028	1,022	24,117	25,139
2028-2029	410	24,117	24,527
	<u>8,165</u>	<u>120,587</u>	<u>128,752</u>

f. General Obligation Indebtedness

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

The legal debt margin of the Town at June 30, 2024 was \$21,175,056.

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

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	63,700	5,104	42,588	5,304
2026	63,700	3,564	43,957	3,934
2027	39,950	2,191	45,370	2,521
2028	37,640	1,208	46,827	1,065
2029	24,120	410	7,747	32
	<u>229,110</u>	<u>12,477</u>	<u>186,489</u>	<u>12,856</u>

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

g. Changes in Long-Term Liabilities:

	June 30, 2023	Increases	Decreases	June 30, 2024	Current Portion
Governmental Activities:					
Installment Purchases -					
Fire Truck	71,250		23,750	47,500	23,750
Public Library	76,857		15,834	61,023	15,834
Knuckleboom Loader	144,705		24,118	120,587	24,117
Compensated Absences	119,891	11,841		131,732	
Net Pension Obligation(LEO)	647,943	41,519		689,462	
Net Pension Liability(LGERS)	813,652	113,885		927,537	
Net OPEB Obligation	2,984,547		28,619	2,955,928	
Governmental activities long-term liabilities	<u>4,858,845</u>	<u>167,245</u>	<u>92,321</u>	<u>4,933,769</u>	<u>63,701</u>
Business-Type Activities:					
Public Works Facilities					
Building	227,904		41,415	186,489	42,588
Waste-Water Treatment Plant	252,410		252,410	-	
Compensated Absences	68,431	16,482		84,913	
Net Pension Liability(LGERS)	382,895	53,593		436,488	
Net OPEB Obligation	1,299,969	324,064		1,624,033	
Business-type activities long-term liabilities	<u>2,231,609</u>	<u>394,139</u>	<u>293,825</u>	<u>2,331,923</u>	<u>42,588</u>

C. Interfund Balances and Activity

Transfers to/from Other Funds at June 30, 2024 consist of the following:

From ARPA Fund to General Fund as revenue replacement	60,563
From ARPA Fund to Water and Sewer Fund as revenue replacement	<u>479,598</u>
	<u>540,161</u>

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

D. On-Behalf Payments for Fringe Benefits and Salaries

For the fiscal year ended June 30, 2024, the Town of Mayodan has recognized on-behalf payments for pension contributions made by the state as revenue and an expenditure of \$4,462 for the 20 volunteers and employees who performed firefighting duties for the Town's fire department. The volunteers and employees elected to be members of the Firemen and Rescue Worker's Pension Fund, a cost-sharing, multiple employer public employee retirement system established and administered by the State of North Carolina. The Plan is funded by a \$10 monthly contribution paid by each member, investment income, and a State appropriation.

E. Net Investment in Capital Assets

	<u>Governmental</u>	<u>Business-type</u>
Capital Assets	2,867,307	14,819,011
Less: Long-term Debt	<u>229,110</u>	<u>186,489</u>
Net investment in capital assets	<u><u>2,638,197</u></u>	<u><u>14,632,522</u></u>

F. Fund Balance

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

Total fund balance – General Fund	3,397,987
Less:	
Prepaid Expenses	12,918
Stabilization by State Statute	319,429
Streets – Powell Bill	201,535
Cemetery	96,962
Public Safety	112,505
Economic Development	857
Appropriated to Next Year	<u>180,415</u>
Remaining Fund Balance	<u><u>2,473,366</u></u>

Town of Mayodan, North Carolina
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2024

Exhibit 9

III. Joint Venture

The Town, in conjunction with the Town of Madison, North Carolina, participates in the Madison-Mayodan Recreation Commission. Each participating government appoints three members to the six member board. The Madison-Mayodan Recreation Commission is a joint venture established to promote recreation and improve the quality of life for the citizens of the two Towns. The Town contributed \$158,500 to the Commission during the fiscal year ended June 30, 2024. The Town of Madison contributed a similar amount.

The Town of Mayodan owns the land and building used by the facility and these are included in the capital assets of the Town. The Towns act jointly to approve the Commissions budget and are responsible for the Commissions deficits, should any occur. The personal property of the Commission is owned by the Commission. The fact that the Commission is an evenly divided venture of the Towns precludes consideration of the Commissions financial statements with those of the Town. Complete Financial Statements for the Madison-Mayodan Recreation Commission can be obtained from the Commissions Administrative Offices at 300 S. Second Avenue, Mayodan, NC 27027.

IV. Subsequent Events

Management has evaluated subsequent events through October 15, 2024, the date on which these financial statements were available to be issued.

Town of Mayodan, North Carolina
Town of Mayodan's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years*

Exhibit A-1

Local Government Employees' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town of Mayodan's proportion of the net pension liability (asset) (%)	0.20600%	0.02121%	0.02140%	0.02140%	0.0207%	0.0227%	0.0217%	0.0222%	.02360%	(.02049%)
Town of Mayodan's proportion of the net pension liability (asset) (\$)	1,364,025	1,196,547	328,190	764,713	566,120	538,522	331,516	470,522	105,916	(120,839)
Town of Mayodan's covered-employee payroll	1,929,758	1,780,126	1,637,568	1,526,109	1,451,242	1,420,151	1,441,042	1,382,278	1,382,230	1,255,973
Town of Mayodan's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	70.68%	67.22%	20.04%	50.11%	39.01%	37.92%	23.01%	34.04%	7.66%	-9.62%
Plan fiduciary net position as a percentage of the total pension liability**	82.49%	84.14%	95.51%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

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

Exhibit A-2

Local Government Employees' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 259,736	\$ 224,454	\$ 192,404	\$ 161,438	\$ 136,917	\$ 116,451	\$ 114,055	\$ 105,689	\$ 96,462	\$ 101,167
Contributions in relation to the Contractually required contribution	<u>\$ 259,736</u>	<u>\$ 224,454</u>	<u>\$ 192,404</u>	<u>\$ 161,438</u>	<u>\$ 136,917</u>	<u>\$ 116,451</u>	<u>\$ 114,055</u>	<u>\$ 105,689</u>	<u>\$ 96,462</u>	<u>\$ 101,167</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Mayodan's covered-employee payroll	\$ 1,929,758	\$ 1,637,568	\$ 1,637,568	\$ 1,451,242	\$ 1,451,242	\$ 1,420,151	\$ 1,371,949	\$ 1,382,278	\$ 1,382,230	\$ 1,255,973
Contributions as a percentage of covered- employee payroll	13.46%	13.71%	11.75%	9.43%	9.43%	8.20%	8.31%	6.98%	7.32%	7.27%

Town of Mayodan, North Carolina
Town of Mayodan's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Ten Fiscal Years

Exhibit A-3

Local Firefighters' and Rescue Squad Workers' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Town of Mayodan's proportion of the net pension (asset) liability (%)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Town of Mayodan's proportion of the net pension (asset) liability (\$)	-	-	-	-	-	-	-	-	-	-
State's proportionate share of the net pension (asset) liability associated with Town of Mayodan	9,107	9,280	(13,585)	17,994	19,415	26,848	24,002	19,529	20,230	14,927
Total	<u>9,107</u>	<u>9,280</u>	<u>(13,585)</u>	<u>17,994</u>	<u>19,415</u>	<u>26,848</u>	<u>24,002</u>	<u>19,529</u>	<u>20,230</u>	<u>14,927</u>
Town of Mayodan's covered-employee payroll	97,402	61,271	69,180	73,417	67,331	59,038	73,918	60,123	55,033	54,810
Town of Mayodan's proportionate share of the net pension liability as a percentage of its covered-employee payroll	9.35%	15.15%	-19.64%	24.51%	28.84%	45.48%	32.47%	32.48%	36.76%	27.23%
Plan fiduciary net position as a percentage of the total pension liability	98.16%	89.69%	89.35%	84.94%	91.40%	93.42%	92.76%	91.45%	91.45%	93.42%

Town of Mayodan, North Carolina
Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Last Eight Fiscal Years

Exhibit A-4

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning Balance	647,943	755,338	650,358	449,498	463,415	489,231	420,584	399,352
Service Cost	23,426	31,880	34,793	19,926	16,608	18,541	16,576	16,346
Interest on the total pension liability	27,192	16,723	12,318	14,259	16,428	15,077	16,082	14,257
Change in benefit terms	-	-	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	11,747	(30,856)	100,571	28,926	(34,222)	(18,913)	18,479	-
Changes in assumptions or other inputs	13,208	(100,932)	(18,492)	161,959	11,479	(16,311)	25,421	(9,371)
Benefit payments	<u>(34,054)</u>	<u>(24,210)</u>	<u>(24,210)</u>	<u>(24,210)</u>	<u>(24,210)</u>	<u>(24,210)</u>	<u>(7,911)</u>	<u>-</u>
Ending balance of the total pension liability	<u>689,462</u>	<u>647,943</u>	<u>755,338</u>	<u>650,358</u>	<u>449,498</u>	<u>463,415</u>	<u>489,231</u>	<u>420,584</u>

Town of Mayodan, North Carolina
Law Enforcement Officers' Special Separation Allowance
Required Supplementary Information
Schedule of Total Pension Liability as a Percentage of Covered Payroll
Last Eight Fiscal Years

Exhibit A-5

	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	689,462	647,943	755,338	650,358	449,498	463,415	489,231	420,584
Covered payroll	829,280	786,154	789,365	703,643	641,016	650,268	674,357	582,540
Total pension liability as a percentage of covered payroll	83.14%	82.42%	95.69%	92.43%	70.12%	71.27%	72.55%	72.20%

Notes to the schedule:

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

Town of Mayodan, North Carolina
Other Postemployment Benefits
Required Supplementary Information
Schedule of Changes in the Total OPEB Liability and Related Ratios
Last Seven Fiscal Years

Exhibit A-6

Total OPEB Liability	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 91,865	\$ 135,475	\$ 149,295	\$ 97,197	\$ 132,164	\$ 141,481	\$ 162,657
Interest on the total pension liability	152,050	114,244	132,821	167,480	175,864	163,915	147,902
Change in benefit terms	-	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	212,875	4,816	(1,090,570)	(5,406)	26,788	45,257	2,247
Changes in assumptions or other inputs	2,438	(1,046,526)	256,971	1,077,911	2,679	(264,491)	(478,627)
Benefit payments	<u>(163,783)</u>	<u>(153,374)</u>	<u>(157,822)</u>	<u>(170,425)</u>	<u>(170,334)</u>	<u>(169,044)</u>	<u>(118,540)</u>
Net Change in Total OPEB Liability	295,445	(945,365)	(709,305)	1,166,757	167,161	(82,882)	(284,361)
Total OPEB Liability - beginning	<u>4,284,516</u>	<u>5,229,881</u>	<u>5,939,186</u>	<u>4,772,429</u>	<u>4,605,268</u>	<u>4,688,150</u>	<u>4,972,511</u>
Total OPEB Liability - ending	<u>4,579,961</u>	<u>4,284,516</u>	<u>5,229,881</u>	<u>5,939,186</u>	<u>4,772,429</u>	<u>4,605,268</u>	<u>4,688,150</u>
Covered-employee payroll	\$ 975,467	\$ 1,064,284	\$ 1,064,284	\$ 981,190	\$ 981,190	\$ 1,337,811	\$ 1,337,811
Total OPEB Liability as a percentage of covered- employee payroll	469.51%	402.57%	491.40%	605.30%	486.39%	344.24%	350.43%

Town of Mayodan, North Carolina
General Fund Comparative Balance Sheets
June 30, 2024 and June 30, 2023

Exhibit B-1

	June 30, 2024	June 30, 2023
Assets		
Current Assets:		
Cash and Investments	2,810,483	2,469,714
Restricted Cash and Investments	1,194,036	886,818
Receivables (net)		
Taxes	22,609	18,900
Accounts Receivable	44,440	42,038
Street Assessments Receivable	4,134	4,134
Prepaid Expenses	12,918	11,253
Due from other funds	(155)	33,771
Due from other Governmental Units	248,248	247,256
Total Assets	<u>4,336,713</u>	<u>3,713,884</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:		
Liabilities:		
Accounts Payable and Accrued Liabilities	129,806	102,114
Unearned Revenue - grant income	782,177	432,177
Total liabilities	<u>911,983</u>	<u>534,291</u>
Deferred Inflows of Resources		
Street Assessments Receivable	4,134	4,134
Property Taxes Receivable	22,609	18,900
Total Deferred Inflows of Resources	<u>26,743</u>	<u>23,034</u>
Fund Balances:		
Non-Spendable		
Prepaid Expenses	12,918	11,253
Restricted		
Streets	201,535	198,915
Cemetery	96,962	142,663
Public Safety	112,505	112,233
Economic Development	857	830
Stabilization by State Statute	319,429	329,865
Assigned		
Subsequent Year's Expenditures	180,415	41,000
Unassigned	<u>2,473,366</u>	<u>2,319,800</u>
Total Fund Balances	<u>3,397,987</u>	<u>3,156,559</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>4,336,713</u>	<u>3,713,884</u>

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2023)

Exhibit B-2

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Revenues:				
Ad valorem taxes:				
Current Year:				
Property		1,811,365		1,727,039
Motor Vehicles		140,547		123,301
Prior year - Property Taxes		10,177		15,448
Motor Vehicles		-		-
Penalties and interest		4,114		6,997
Late Listing Penalties		1,637		1,712
Less: Rock. County Collection Fee				
Motor Vehicle Tax		(4,717)		(4,205)
Less: Discounts & Refunds		(1,093)		(1,251)
Total	1,865,427	1,962,030	96,603	1,869,041
Other Taxes & Licenses:				
Local option sales taxes		881,277		878,671
Privilege license		180		180
Dog license		-		105
Total	718,283	881,457	163,174	878,956
Unrestricted intergovernmental				
Revenues:				
Beer and wine		11,807		11,045
Franchise tax		310,503		291,789
Total	235,000	322,310	87,310	302,834
Restricted intergovernmental				
Revenues:				
Powell Bill funding		86,768		78,434
County Fire Department Funding		2,400		2,400
Madison & Mayodan Fire District		104,306		92,324
Firemen's Pension Fund		4,462		2,395
Solid Waste Disposal Tax		1,891		1,965
Grants:				
NCLM Body Armor Grant		737		500
NC State Fire Grant		-		35,209
Washington Mills		-		567,823
Miscellenaous		2,750		-
NC Gov. Crime Commission		-		24,060
Total	653,132	203,314	(449,818)	805,110

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2023)

Exhibit B-2

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Permits & Fees:				
Building Permits and Inspection Fees	750	2,290	1,540	2,070
Sales and Services:				
Solid waste fees		198,700		193,711
Fuel Surcharge		26,402		25,841
Sale of cemetery plots		11,700		14,000
Dog pound fees		-		130
Jail and arrests		842		854
Farris Park revenue		25,196		27,074
Truck Use Fees		487		2,464
Reimbursement - Admin. Fee from W/S		130,000		100,000
Total	341,050	393,327	52,277	364,074
Investment Earnings:				
Investment earnings - General Fund		27,543		13,532
Investment earnings - Powell Bill		5,851		2,484
Investment earnings - Cemetery		4,362		1,880
Total	8,500	37,756	29,256	17,896
Insurance claims	39,978	39,978	-	4,841
Miscellaneous:				
Miscellaneous		4,042		15,652
Golf Cart		2,052		1,768
Miscellaneous - Police		4,632		14,082
Street Assessments		-		9,039
Donations:				
McMichael Foundation		10,000		10,000
Farris Park		2,300		2,100
Fire Department		300		175
Miscellaneous		-		541
Sale of assets		1,325		38,572
Total	42,927	24,651	(18,276)	91,929
Total Revenues	3,905,047	3,867,113	(37,934)	4,336,751

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2023)

Exhibit B-2

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Expenditures:				
General government:				
Governing Body:				
Salaries and employee benefits		15,188		15,061
Other operating expenses		3,400		2,091
Total	18,897	18,588	309	17,152
Administrative:				
Salaries and employee benefits		128,968		126,147
Professional services		81,247		26,571
Other operating costs		119,981		122,588
Total	334,971	330,196	4,775	275,306
Finance Department:				
Salaries and employee benefits		189,537		143,176
Professional services		-		11,294
Other operating costs		38,163		23,110
Total	229,434	227,700	1,734	177,580
Public Buildings:				
Operating expenses		12,787		10,948
Total	14,431	12,787	1,644	10,948
Total General Government	597,733	589,271	8,462	480,986
Public Safety:				
Police Department:				
Salaries and employee benefits		1,370,506		1,240,114
Repairs and Maintenance		37,401		36,574
Other operating costs		93,595		83,096
Capital outlay		78,958		69,895
Total	1,623,308	1,580,460	42,848	1,429,679
Fire Department:				
Salaries and employee benefits		110,456		71,280
Repairs and Maintenance		30,197		18,366
Other operating costs		25,695		21,908
Capital outlay		57,214		49,868
Total	250,636	223,562	27,074	161,422
Total Public Safety	1,873,944	1,804,022	69,922	1,591,101

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2023)

Exhibit B-2

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Transportation:				
Street department:				
Salaries and employee benefits		106,747		110,861
Repairs and maintenance		47,880		96,511
Other operating costs		85,414		76,501
Capital outlay - Powell Bill		90,000		150,000
Capital outlay		64,650		34,785
Total Transportation	424,586	394,691	29,895	468,658
Economic Development:				
Economic Incentives:				
Sturm Ruger Incentives		115,857		117,974
Blow Molded Solutions Incentive		1,068		2,206
Total	117,055	116,925	130	120,180
Planning and Zoning:				
Planning expenses	20,750	19,101	1,649	807
Total Economic Development	137,805	136,026	1,779	120,987
Environmental Protection:				
Sanitation department:				
Solid waste contract		118,420		104,614
Fuel surcharge		27,604		27,604
Recycling fees		43,280		44,008
Other operating costs		15,122		22,894
Capital outlay		9,453		-
Total Environmental Protection	214,266	213,879	387	199,120
Cultural and recreational:				
Salaries and employee benefits		177,653		152,460
Washington mills		-		567,823
Repairs and maintenance		27,412		45,199
Other operating costs		32,068		29,663
Capital outlay		14,018		-
Total	702,185	251,151	451,034	795,145
Madison - Mayodan Recreation				
Recreation	158,500	158,500	-	161,004
Total cultural and recreational	860,685	409,651	451,034	956,149

Town of Mayodan, North Carolina
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual
For the Year Ended June 30, 2024
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2023)

Exhibit B-2

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Cemetery:				
Current Expenditure		144		85
Capital outlay		61,619		-
Total Cemetery Expenses	65,500	61,763	3,737	85
Debt Service:				
Fire Department:				
Principal		23,750		23,750
Interest		1,507		2,183
Total Budget for Fire Truck	25,262	25,257	5	25,933
Transportation:				
Principal		24,117		24,117
Interest		3,617		4,554
Total Budget for Transportation	27,735	27,734	1	28,671
Public Library:				
Principal		15,833		15,833
Interest		1,621		1,993
Total Budget for Public Library	17,454	17,454	-	17,826
Total Debt Service	70,451	70,445	6	72,430
Special Appropriations:				
Chamber of Commerce		4,000		4,000
Economic Development		1,000		1,000
Merchants Association Festival		1,500		1,708
Total Special Appropriations	6,500	6,500	-	6,708
Total Expenditures	4,251,470	3,686,248	565,222	3,896,224
Revenue over (under) Expenditures	(346,423)	180,865	527,288	440,527
Other financing sources (uses):				
Operating transfers-in (out):				
Transfer from American Rescue Plan Act		60,563		-
Total Other financing Sources(Uses)	346,423	60,563	(285,860)	-
Net Change in Fund Balance	-	241,428	241,428	440,527
Fund balances:				
Beginning of year		3,156,559		2,716,032
End of year, June 30		3,397,987		3,156,559

Town of Mayodan, North Carolina
Coronavirus State Local Fiscal Recovery Funds CFR 21.027 (ARPA Funds)
Comparative Balance Sheets
June 30, 2024 and June 30, 2023

Exhibit C-1

	June 30, 2024	June 30, 2023
Assets		
Restricted Cash and Investments	-	2,500
Due from Other Fund	-	537,661
	<u> </u>	<u> </u>
Total Assets	<u> - </u>	<u> 540,161 </u>
Liabilities and Fund Balances		
Liabilities:		
Unearned Revenues	-	540,161
	<u> </u>	<u> </u>
Total liabilities	<u> - </u>	<u> 540,161 </u>
Fund Balances:		
Unassigned	-	-
	<u> </u>	<u> </u>
Total Fund Balances	<u> - </u>	<u> - </u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u> - </u>	<u> 540,161 </u>

Town of Mayodan, North Carolina
Coronavirus State Local Fiscal Recovery Funds CFR 21.027 (ARPA Funds)
Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
From Inception and for the Fiscal Year Ended June 30, 2024

Exhibit C-2

	2024				Variance
	Budget	Prior Years	Current Year	Total to Date	Favorable (Unfavorable)
Revenues:					
ARPA Funds	759,138	218,977	540,161	759,138	-
Total Revenues	759,138	218,977	540,161	759,138	-
Expenditures:					
General Government					
Unassigned ARPA Expenditures	-	-	-	-	-
Total	-	-	-	-	-
Other financing sources (uses):					
Transfer Out - General Fund	(88,494)	(27,931)	(60,563)	(88,494)	-
Transfer Out - Water Sewer Fund	(670,644)	(191,046)	(479,598)	(670,644)	-
Total Other financing Sources(Uses)	(759,138)	(218,977)	(540,161)	(759,138)	-
Revenues and Other Sources Over (Under)					
Expenditures and Other Financing uses	-	-	-	-	-
Fund balances:					
Beginning of year, July 1				-	
End of year, June 30				-	

Town of Mayodan, North Carolina
Water and Sewer Fund
Statement of Net Position
June 30, 2024
(With Comparative Totals For June 30, 2023)

Exhibit D-1

	2024	2023
Assets:		
Current assets:		
Cash and temporary investments	3,617,080	4,608,980
Accounts receivable-customers (net of estimated uncollectible accounts)	462,979	634,233
Inventory	247,627	309,777
Prepaid Expenses	30,400	-
Due from other governments	47,039	250,939
Total current assets	4,405,125	5,803,929
Restricted assets:		
Cash and temporary investments	871,689	622,779
Capital assets (net of accumulated depreciation)	14,819,011	13,817,589
Total assets	20,095,825	20,244,297
Deferred outflows of resources		
Pension deferrals	267,682	254,079
OPEB deferrals	241,857	236,914
Total deferred outflows of resources	509,539	490,993
Total assets and deferred outflows of resources	20,605,364	20,735,290
Liabilities, Deferred Inflows of Resources and Net Position:		
Current liabilities:		
Accounts payable	6,475	346,840
Accrued salaries	9,154	7,049
Customer deposits	51,510	47,295
Due to (from) Other Funds	(155)	571,432
Notes payable - current maturities	42,588	293,656
Total current liabilities	109,572	1,266,272
Other liabilities:		
Accrued vacation pay	75,759	61,382
Net pension liability	436,488	382,895
Notes payable - non-current maturities	143,901	186,659
Net OPEB obligation	1,624,033	1,299,969
Unearned revenue	773,860	1,827,687
Total other liabilities	3,054,041	3,758,592
Total liabilities	3,163,613	5,024,864
Deferred inflows of resources:		
Pension deferrals	3,335	2,727
OPEB deferrals	368,565	481,490
Total deferred inflows of resources	371,900	484,217
Net Position:		
Net investment in capital assets	14,632,522	13,337,274
Unrestricted	2,437,329	1,888,935
Total net position	17,069,851	15,226,209
Total liabilities, deferred inflows of resources, and net position	20,605,364	20,735,290

Town of Mayodan, North Carolina
Proprietary Funds
Water and Sewer Fund
Statement of Revenues, Expenses
And Changes in Net Position
For the Year ended June 30, 2024 and 2023

Exhibit D-2

	<u>2024</u>	<u>2023</u>
Operating revenue:		
Water and sewer sales	3,363,772	3,546,022
Tap and pretreatment fees	147,145	57,490
Cut off charges	15,361	13,174
Amortization of revenue from WWTP	189,813	189,813
	<u>3,716,091</u>	<u>3,806,499</u>
Operating expenses:		
Water Department:		
Salaries and employee benefits	370,607	278,972
Repairs and maintenance	62,617	36,870
Meters, Pipes, Fittings	141,833	48,621
Operating expenses	57,829	52,659
Total Water Department	<u>632,886</u>	<u>417,122</u>
Water Plant:		
Salaries and employee benefits	468,878	333,112
Repairs and maintenance	132,855	89,084
Chemicals and Supplies	108,638	120,115
Operating expenses	154,996	147,258
Total Water Plant	<u>865,367</u>	<u>689,569</u>
Sewer Department:		
Salaries and employee benefits	404,744	249,439
Repairs and maintenance	154,109	84,712
Operating expenses	108,653	155,316
Total Sewer Department	<u>667,506</u>	<u>489,467</u>
Waste Water Treatment Plant		
Contract for sewer operations	288,236	275,493
Repairs and maintenance	76,228	73,509
Operating expenses	209,876	216,106
Total Waste Water Treatment Plant	<u>574,340</u>	<u>565,108</u>
Non-Departmental:		
Bad Debt	6,954	50,592
Utility Service Fee	130,000	100,000
Total Non-Departmental	<u>136,954</u>	<u>150,592</u>

Town of Mayodan, North Carolina
Proprietary Funds
Water and Sewer Fund
Statement of Revenues, Expenses
And Changes in Net Position
For the Year ended June 30, 2024 and 2023

Exhibit D-2

	<u>2024</u>	<u>2023</u>
Total operating expenses other than depreciation	2,877,053	2,311,858
Depreciation	<u>575,920</u>	<u>557,821</u>
Total operating expenses	<u>3,452,973</u>	<u>2,869,679</u>
Net operating income (loss)	<u>263,118</u>	<u>936,820</u>
Capital Contributions		
AIA Grant	-	58,000
Rock Co Capacity Contract	995,045	470,303
PartF Grant	22,250	3,750
I&I Grant	<u>14,000</u>	<u>77,500</u>
Total Non-Departmental	<u>1,031,295</u>	<u>609,553</u>
Non-operating income:		
Interest Income from other Governments	5,049	15,147
Interest earned on temporary investments	57,857	15,452
Sale of capital assets	20,001	-
Transfer from ARPA	<u>479,598</u>	<u>142,243</u>
	<u>562,505</u>	<u>172,842</u>
Non operating expenses:		
Interest on long term debt,		
Including fiscal agents' fees	<u>13,276</u>	<u>21,589</u>
Net Income (loss)	1,843,642	1,697,626
Net Positions - beginning of year	<u>15,226,209</u>	<u>13,528,583</u>
Net Positions - end of year	<u><u>17,069,851</u></u>	<u><u>15,226,209</u></u>

Town of Mayodan, North Carolina
Statement of Cash Flows
Water and Sewer Fund
For the Year Ended June 30, 2024
With Comparative Totals for the Year Ended June 30, 2023

Exhibit D-3

	2024	2023
Cash Flows from operating activities:		
Cash received from customers	3,690,578	3,383,494
Cash paid for goods and services	(1,920,398)	(1,503,139)
Cash paid to employees	(980,953)	(657,413)
Customer deposits returned	4,215	2,150
Other operating revenue	-	3,190
Net cash provided by operating activities	793,442	1,228,282
Cash flows from non-capital financing activities:		
Increase (decrease) in due to other funds	(571,587)	561,801
Net cash used by non-capital financing activities	(571,587)	561,801
Cash flows from capital and related financing activities:		
Acquisitions of capital assets	(1,577,339)	(727,060)
Sale of capital assets	20,001	-
Capital contribution from other governments	167,278	2,089,250
Principal paid on bond and equipment contracts	(293,826)	(292,142)
Interest paid on bonds and equipment contracts	(13,276)	(21,589)
Transfer from ARPA Fund	479,598	142,243
Net cash used by capital and related financing activities	(1,217,564)	1,190,702
Cash flows from investing activities:		
Interest on Investments	57,857	20,501
Interest Received from Other Governments	5,049	10,098
Principal Received from Other Governments	189,813	189,813
	252,719	220,412
Net increase (decrease) in cash and cash equivalents	(742,990)	3,201,197
Cash and cash equivalents at beginning of year	5,231,759	2,030,562
Cash and cash equivalents at end of year	4,488,769	5,231,759
Cash and cash equivalents - unrestricted	3,617,080	4,608,980
Cash and cash equivalents - restricted	871,689	622,779
Total cash and cash equivalents at end of year	4,488,769	5,231,759

Town of Mayodan, North Carolina
Statement of Cash Flows
Water and Sewer Fund
For the Year Ended June 30, 2024
With Comparative Totals for the Year Ended June 30, 2023

Exhibit D-3

Reconciliation of operating income to net cash provided by operating activities:

Operating Income (Loss)	<u>263,118</u>	<u>936,820</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	575,920	557,821
Amortization of revenue from Waste Water Treatment Rights	(189,813)	(189,812)
Change in assets and Liabilities:		
(Increase) decrease in accounts receivables customers	171,254	(179,410)
(Increase) decrease in inventories	62,150	(144,612)
(Increase) decrease in prepaid expenses	(30,400)	-
Net pension expense	40,598	29,168
Net OPEB expense	206,196	(69,609)
Increase (decrease) in accounts payable	(340,365)	326,141
Increase (decrease) in customer deposits	4,215	2,151
Increase (decrease) in accrued salaries	2,105	(19,592)
Increase (decrease) in accrued vacation pay	14,377	7,218
(Increase) decrease in due from other governments	<u>14,087</u>	<u>(28,002)</u>
Total Adjustments	<u>530,324</u>	<u>291,462</u>
Net cash provided by operating activities	<u><u>793,442</u></u>	<u><u>1,228,282</u></u>

Town of Mayodan, North Carolina
Water and Sewer Operations
Statement of Revenues and Expenditures Budget and Actual (Non GAAP)
For the Year ended June 30, 2024
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2023)

Exhibit D-4

	2024			2023
	Budget	Actual	Variance Favorable (Unfavorable)	Actual
Operating revenue:				
Water and sewer sales		3,363,772		3,546,022
Tap and pretreatment fees		147,145		57,490
Cut off charges		15,361		13,174
Amortization of revenue from WWTP		189,813		189,813
	<u>3,747,787</u>	<u>3,716,091</u>	<u>(31,696)</u>	<u>3,806,499</u>
Non-Operating revenues:				
Interest income		62,906		30,599
Sale of assets		20,001		-
	<u>26,750</u>	<u>82,907</u>	<u>56,157</u>	<u>30,599</u>
Total Revenues	<u>3,774,537</u>	<u>3,798,998</u>	<u>24,461</u>	<u>3,837,098</u>
Operating expenses other than Depreciation:				
Water Department:				
Salaries and employee benefits		294,920		295,570
Repairs and maintenance		62,617		36,870
Meters, Pipes, Fittings		141,833		48,621
Operating expenses		57,829		52,659
		<u>557,199</u>		<u>433,720</u>
Capital Outlay - Water Department		105,802		
Capital Outlay - NC PRO		479,598		113,437
Total - Water Department	<u>1,248,562</u>	<u>1,142,599</u>	<u>105,963</u>	<u>547,157</u>
Water Plant:				
Salaries and employee benefits		384,185		345,304
Repairs and maintenance		132,855		89,084
Chemicals and Supplies		108,638		120,115
Operating expenses		154,996		147,258
	<u>-</u>	<u>780,674</u>	<u>-</u>	<u>701,761</u>
Capital Outlay - Water Plant:		48,472		5,313
Total - Water Plant	<u>1,042,850</u>	<u>829,146</u>	<u>213,704</u>	<u>707,074</u>
Sewer Department:				
Salaries and employee benefits		318,330		261,092
Repairs and maintenance		154,109		84,712
Operating expenses		108,653		155,316
		<u>581,092</u>	<u>-</u>	<u>501,120</u>
Capital Outlay - Sewer Department		23,127		60,507
Total Sewer Department	<u>656,551</u>	<u>604,219</u>	<u>52,332</u>	<u>561,627</u>

Town of Mayodan, North Carolina
Water and Sewer Operations
Statement of Revenues and Expenditures Budget and Actual (Non GAAP)
For the Year ended June 30, 2024
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2023)

Exhibit D-4

	2024		2023
	Budget	Actual	Variance Favorable (Unfavorable)
			Actual
Waste Water Treatment Plant:			
Contract for sewer operations		288,236	275,493
Repairs and maintenance		76,228	73,507
Operating expenses		209,876	216,106
Interest - WWTP Expansion		6,714	13,428
Principal - WWTP Expansion		252,411	252,411
		833,465	-
Capital Outlay - WWTP		920,340	547,803
Total Waste Water Treatment Plant	2,629,652	1,753,805	875,847
Non-Departmental:			
Bad Debt		6,954	50,592
Utility Service Fee		130,000	100,000
Total Non-Departmental	130,000	136,954	(6,954)
Debt Service:			
Interest - Water Department		2,265	3,146
Interest - Sewer Department		4,297	5,015
	47,892	6,562	41,330
Total Expenditures	5,755,507	4,473,285	1,282,222
Revenues over (under) expenditures	(1,980,970)	(674,287)	1,306,683
Capital Contributions			
AIA Grant		-	58,000
Rock Co Capacity Contract		995,045	470,303
PartF Grant		22,250	3,750
I&I Grant		14,000	77,500
Total Non-Departmental	1,341,500	1,031,295	(310,205)
Other financing sources (uses):			
Fund balance appropriated	111,999	-	(111,999)
Transfer from Special Revenue - ARPA	527,471	479,598	(47,873)
	639,470	479,598	(159,872)
Revenues and other sources			
over(under) expenditures and other uses	-	836,606	836,606
			1,235,535

Town of Mayodan, North Carolina
Water and Sewer Operations
Statement of Revenues and Expenditures Budget and Actual (Non GAAP)
For the Year ended June 30, 2024
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2023)

Exhibit D-4

	<u>2024</u>			<u>2023</u>
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Actual</u>
Reconciliation from modified accrual to full accrual basis:				
Revenues over (under) expenditures		836,606		1,235,535
Reconciling Items:				
Capital Outlay		1,577,339		727,060
Depreciation		(575,920)		(557,821)
Principal Payments		252,411		252,411
Increase in Outflows of Resources - Pension		13,603		75,178
Decrease in Deferred Inflows of Resources - Pension		(608)		163,682
(Increase) decrease in Net Pension Liability		(53,593)		(268,028)
Increase in Outflows of Resources - OPEB		4,943		(90,255)
Increase in Deferred Inflows of Resources - OPEB		112,925		(145,217)
(Increase) decrease in OPEB Liability		<u>(324,064)</u>		<u>305,081</u>
Net Income/(Loss)		<u><u>1,843,642</u></u>		<u><u>1,697,626</u></u>

Town of Mayodan, North Carolina
General Fund
Schedule of Ad Valorem Taxes Receivable
June 30, 2024

Exhibit E-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2023</u>	<u>Additions</u>	<u>Collections</u>	<u>Discoveries Abatements Adjustments</u>	<u>Uncollected Balance June 30, 2024</u>
2023-2024		1,968,039	(1,951,404)		16,635
2022-2023	12,787		(7,018)		5,769
2021-2022	6,177		(867)		5,310
2020-2021	3,783		(1,057)		2,726
2019-2020	1,863		(435)		1,428
2018-2019	2,290		(233)		2,057
2017-2018	1,708		(205)		1,503
2016-2017	1,226		(361)		865
2015-2016	764				764
2014-2015	776				776
2013-2014	1,095			(1,095)	-
	<u>32,469</u>	<u>1,968,039</u>	<u>(1,961,580)</u>	<u>(1,095)</u>	<u>37,833</u>
Less allowance for uncollectible accounts:					
General Fund					<u>(15,224)</u>
Ad valorem taxes receivable - net					<u>22,609</u>
Reconciliation with Revenues:					
Ad Valorem Taxes - General Fund					1,962,030
Reconciling items:					
Penalties and interest					(5,751)
Rockingham County collection fee					4,717
Adjustments					<u>584</u>
Total collections and credits					<u>1,961,580</u>

Town of Mayodan, North Carolina
Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2024

Exhibit E-2

	City-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxes at Current	260,953,237	0.00695	1,813,625	1,813,625	
Motor Vehicle Taxes Collected by DMV	20,222,590	0.00695	140,547	-	140,547
Penalties	-		40,774		
	<u>281,175,827</u>		<u>1,994,946</u>	<u>1,813,625</u>	<u>140,547</u>
Discoveries:					
Current Year Taxes	110,935	0.00695	771	771	-
Prior Year Taxes	-	0.00695	807	807	-
	<u>110,935</u>		<u>1,578</u>	<u>1,578</u>	<u>-</u>
Other Adjustments					-
Less: Abatements/Releases/ Corrections	(4,335,683)	0.00695	(30,133)	(30,133)	
Less: Insolvents	237,122	0.00695	1,648	1,648	-
	<u>(4,098,561)</u>		<u>(28,485)</u>	<u>(28,485)</u>	<u>-</u>
Total Property Valuation	<u>277,188,201</u>				
Net Levy			1,968,039	1,786,718	140,547
Uncollected Taxes at June 30, 2024			<u>16,635</u>	<u>16,635</u>	<u>-</u>
Current Year's Taxes Collected			<u>1,951,404</u>	<u>1,770,083</u>	<u>140,547</u>
Current Levy Collection Percentage			<u>99.15%</u>	<u>99.07%</u>	<u>100.00%</u>

Town of Mayodan, North Carolina
Schedule of Interfund Transfers
For the Fiscal Year Ended June 30, 2024

Exhibit E-3

Fund	Transfer	
	From	To
General Operating	-	60,563
American Rescue Plan Act	540,161	-
Water and Sewer	-	479,598
	<u>540,161</u>	<u>540,161</u>

Gardner & Co.

— C P A , P L L C —

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE
WITH *GOVERNMENT AUDITING STANDARDS***

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of Town of Mayodan, North Carolina, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Town of Mayodan, North Carolina's basic financial statements and have issued our report thereon dated October 15, 2024.

Report on Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses or significant deficiencies. 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 of Mayodan, North Carolina's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Town of Mayodan, North Carolina's Response to Findings

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Gardner & Company, CPA, PLLC

Gardner & Company, CPA, PLLC

Eden, North Carolina

October 15, 2024