

# **Town of Mayodan**

## **Financial Statements**

**June 30, 2025**

**Gardner & Co.**

— CPA, PLLC —

**Town of Mayodan, North Carolina**  
**Table of Contents**  
**June 30, 2025**

---

<b>Exhibit</b>		<b>Page</b>
	<b><u>Financial Section:</u></b>	
	<b>Independent Auditor’s Report</b>	<b>1</b>
	<b>Management’s Discussion and Analysis</b>	<b>4</b>
	<b>Basic Financial Statements:</b>	
	<b><u>Government-wide Financial Statements:</u></b>	
1	Statement of Net Position	17-18
2	Statement of Activities	19
	<b><u>Fund Financial Statements:</u></b>	
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	30-64

**Town of Mayodan, North Carolina**  
**Table of Contents**  
**June 30, 2025**

---

<b>Exhibit</b>	<b>Page</b>
<b><u>Required Supplemental Financial Data:</u></b>	
Local Government Employees' Retirement System Proportionate Share of Net Pension Liability (Asset)	65
Local Government Employees' Retirement System Contributions	66
Local Firefighters' and Rescue Squad Workers' Retirement System Proportionate Share of Net Pension Liability (Asset)	67
Law Enforcement Officers' Special Separation Allowance Schedule of Changes in Total Pension Liability	68
Law Enforcement Officers' Special Separation Allowance Schedule of Total Pension Liability as a Percentage of Covered Payroll	69
Other Postemployment Benefits Schedule of Changes in the Total OPEB Liability and Related Ratios	70
<b><u>Individual Fund Statements and Schedules:</u></b>	
Statement of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund	71
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Washington Mills Fund	76
Combining Balance Sheet – Non-major Governmental Funds	77
Combining Statements of Revenues, Expenditures, and Changes in Fund Balances – Non-major Governmental Funds	78
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Powell Bill Fund	79
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Drug Forfeiture Fund	80
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Miscellaneous Grant Fund	81
Schedules of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – Capital Reserve Fund	82

**Town of Mayodan, North Carolina**  
**Table of Contents**  
**June 30, 2025**

---

<b>Exhibit</b>	<b>Page</b>
<u>Enterprise Funds:</u>	
Water and Sewer Operations - Statement of Revenues and Expenditures – Budget and Actual (Non GAAP)	83
Waste Water Treatment Plant – Capital Projects Fund - Schedule of Revenues, Expenditures, and Changes in – Fund Balance – Budget and Actual	86
Other Schedules:	
Schedule of Ad Valorem Taxes Receivable	87
Analysis of Current Tax Levy	88
Schedule of Interfund Transfers	89
 <b><u>Compliance Section:</u></b>  	
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>	90

# 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, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, 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, 2025, and the respective changes in financial position and cash flows, where appropriate, thereof and the respective budgetary comparison for the General Fund and the Washington Mills 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, and required supplementary information, as listed in the table of contents, 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.

We also have previously audited, in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards, the 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, (none of which is presented herein), and we expressed unmodified opinions on those basic financial statements. Those audits were conducted for purposes of forming an opinion on the basic financial statements as a whole. The accompanying combining and individual fund statements and schedules and additional financial data are presented for purposes of additional analysis and is not a required part of the 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 2024 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of those financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America and Government Auditing Standards. In our opinion, the accompanying combining and individual fund statements and schedules and additional financial data is fairly stated in all material respects in relation to the financial statements from which it has been derived.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2026, 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  
March 13, 2026

# 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, 2025. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the town's financial statements, which follow this narrative.

### Financial Highlights

- The assets of the Town of Mayodan exceeded its liabilities at the close of the fiscal year by \$21,230,879 (*net position*).
- The government's total net position increased by \$2,424,500.
- As of the close of the current fiscal year, the Town of Mayodan's governmental funds reported combined ending fund balances of \$3,592,936, an increase of \$194,949 in comparison with the prior year. Approximately 72% of this total amount, or \$2,580,825, is available for spending at the government's discretion (unassigned fund balance).
- The Town of Mayodan's total long-term debt increased by \$182,254 (44%) during the past fiscal year, primarily due to a new loan agreement to finance police vehicles.

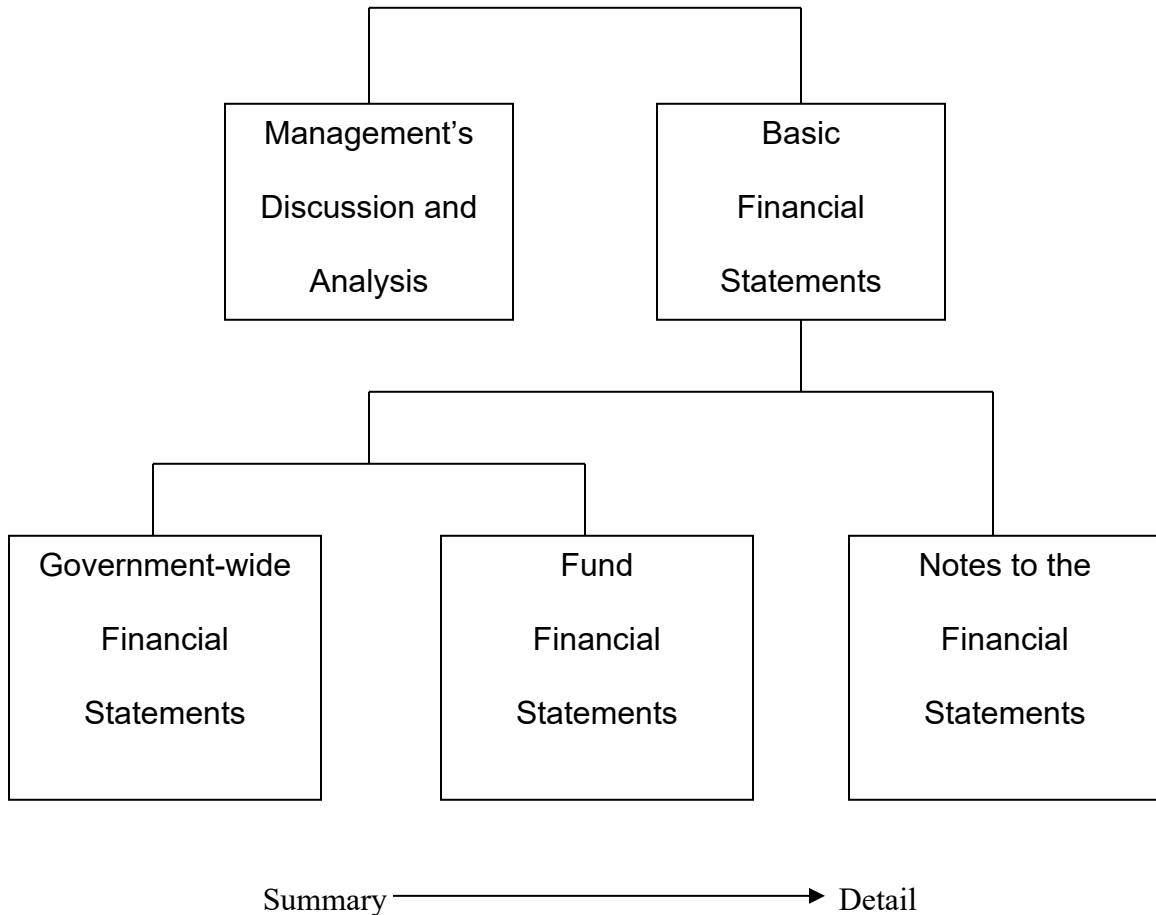
### Overview of the Financial Statements

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	
	2025	2024	2025	2024	2025	2024
Current and other assets	3,395,005	3,138,543	5,621,267	4,405,280	9,016,272	7,543,823
Restricted assets	1,130,686	1,194,036	6,858,529	871,689	7,989,215	2,065,725
Non-current assets					-	-
Capital assets	3,531,303	2,867,307	15,454,855	14,819,011	18,986,158	17,686,318
Total assets	8,056,994	7,199,886	27,934,651	20,095,980	35,991,645	27,295,866
Deferred outflows of resources	928,421	1,173,150	374,951	509,539	1,303,372	1,682,689
Total assets & outflows of resources	8,985,415	8,373,036	28,309,602	20,605,519	37,295,017	28,978,555
Long-term liabilities outstanding	452,550	229,110	145,303	186,489	597,853	415,599
Unearned revenue	770,429	782,177	6,806,359	773,860	7,576,788	1,556,037
Other liabilities	4,837,487	4,834,465	2,226,154	2,203,419	7,063,641	7,037,884
Deferred inflows of resources	564,702	790,756	261,154	371,900	825,856	1,162,656
Total liabilities & inflows of resources	6,625,168	6,636,508	9,438,970	3,535,668	16,064,138	10,172,176
Net position:						
Net investment in capital assets	3,078,753	2,638,197	15,309,552	14,632,522	18,388,305	17,270,719
Restricted for:						
Economic Development	-	857	-	-	-	857
Cemetery	116,614	96,962	-	-	116,614	96,962
Public safety	116,204	112,505	-	-	116,204	112,505
Transportation	127,439	201,535	-	-	127,439	201,535
Stabilization by State						
Statute	293,886	306,511	-	-	293,886	306,511
Unrestricted	(1,372,649)	(1,620,039)	3,561,080	2,437,329	2,188,431	817,290
Total net position	2,360,247	1,736,528	18,870,632	17,069,851	21,230,879	18,806,379

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 \$21,230,879 as of June 30, 2025. The town's net position increased by \$2,424,500 for the fiscal year ended June 30, 2025. 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

## Town of Mayodan

assets cannot be used to liquidate these liabilities. An additional portion of the Town of Mayodan's net position, 3%, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,188,431 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 \$452,550 at June 30, 2025, an increase of \$223,438 or 4% in comparison with the prior year. Most of the increase is due to a new police vehicle installment loan completed at the beginning of the fiscal year.
- 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 2025	Governmental Activities 2024	Business Type Activities 2025	Business Type Activities 2024	Total 2025	Total 2024
Revenues:						
Program revenues:						
Charges for services	475,500	395,628	4,193,182	3,716,091	4,668,682	4,111,719
Operating grants and contributions	266,317	281,109	-	-	266,317	281,109
Capital grants and contributions	38,900	479,598	608,342	1,031,295	647,242	1,510,893
General revenues:						
Property taxes	2,464,943	1,965,739	-	-	2,464,943	1,965,739
Other taxes	891,047	881,457	-	-	891,047	881,457
Unrestricted Intergovernmental Revenues	333,666	322,310	-	-	333,666	322,310
Restricted Intergovernmental Revenues	-	-	-	-	-	-
Grants and contributions not restricted to specific prog	-	-	-	-	-	-
Investment earnings	131,657	37,756	201,680	62,906	333,337	100,662
Gain (loss) on sale of capital assets	-	-	-	-	-	-
Miscellaneous	15,399	47,389	24,472	20,001	39,871	67,390
Transfers	-	(479,598)	-	479,598	-	-
Total Revenues	4,617,429	3,931,388	5,027,676	5,309,891	9,645,105	9,241,279
Expenses:						
General government	761,629	542,219	-	-	761,629	542,219
Public safety	2,053,346	1,711,686	-	-	2,053,346	1,711,686
Transportation	371,436	301,022	-	-	371,436	301,022
Economic development	146,208	136,026	-	-	146,208	136,026
Sanitation	222,327	186,049	-	-	222,327	186,049
Culture and recreation	431,615	384,168	-	-	431,615	384,168
Water and sewer	-	-	3,226,895	3,466,249	3,226,895	3,466,249
Cemeteries	1,979	377	-	-	1,979	377
Interest on long term debt	5,170	6,745	-	-	5,170	6,745
Special Appropriations	-	6,500	-	-	-	6,500
Total Expenses	3,993,710	3,274,792	3,226,895	3,466,249	7,220,605	6,741,041
Increase (decrease) in net position	623,719	656,596	1,800,781	1,843,642	2,424,500	2,500,238
Net position, July 1	1,736,528	1,079,932	17,069,851	15,226,209	18,806,379	16,306,141
Net position, June 30	2,360,247	1,736,528	18,870,632	17,069,851	21,230,879	18,806,379

# Town of Mayodan

**Governmental activities.** Governmental activities increased the Town's net position by \$623,719.

**Business-type activities:** Business-type activities increased the Town of Mayodan's net position by \$1,800,781.

## 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 \$2,580,825 while total fund balance amounted to \$3,349,293. 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 60% percent of total General Fund expenditures. Total fund balance represents 77% percent of total General Fund expenditures.

At June 30, 2025, the governmental funds of the Town of Mayodan reported a combined fund balance of \$3,592,936 an 6% 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 \$99,335 more than the budgeted amounts primarily because of ad valorem taxes. Taxes, sales & services, and unrestricted intergovernmental revenues were \$98,848, \$19,745, and \$22,666 more than the Town had budgeted, respectively. Restricted Intergovernmental Revenues were \$4,000 more than budgeted and investment earnings were \$12,486 more than budgeted. Actual expenditures were \$1,051,617 less than the budgeted amount primarily because Public Safety expenditures, Transportation expenditures, general government expenditures, and economic development expenditures were \$478,933, \$211,089, \$218,667, and \$78,892 less than the budgeted amounts, respectively.

# Town of Mayodan

**Proprietary Funds.** The town’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water and Sewer fund at the end of the fiscal year amounted to \$3,561,080. The total increase in net position for this fund was \$1,800,781. 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 net investment in capital assets for its governmental and business–type activities as of June 30, 2025, totals \$18,986,158 (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 136,576
  - Land Improvements 46,000
  - Furniture and Equipment 146,431
  - Vehicles 287,140
  - Infrastructure-road 362,500
- Water and Sewer Fund – Additions
  - Construction in Process 755,892
  - Plant and Distribution System 105,276
  - Vehicles 118,264
  - Furniture and Equipment 264,487
- Depreciation expense for business type activities for the year ending June 30, 2025 amounted to \$608,075.
- Depreciation expense for governmental activities amounted to \$314,651 for the year ending June 30, 2025.

# Town of Mayodan

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

Figure 4

	Governmental Activities 2025	Governmental Activities 2024	Business-type Activities 2025	Business-type Activities 2024	Total 2025	Total 2024
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	249,987	-	-	249,987	249,987
Construction in Progress	3,000	3,000	1,724,556	968,664	1,727,556	971,664
Total Assets not being depreciated	687,704	687,704	1,835,617	1,079,725	2,523,321	1,767,429
Buildings	443,159	347,757	-	-	443,159	347,757
Farris Park Improvements	165,293	178,025	-	-	165,293	178,025
Land Improvements	70,495	27,619	-	-	70,495	27,619
Furniture & Equipment	304,336	227,644	380,683	172,653	685,019	400,297
Plant & Distribution Systems	-	-	13,003,413	13,399,787	13,003,413	13,399,787
Vehicles and motorized equipment	560,866	432,490	235,142	166,846	796,008	599,336
Infrastructure	1,299,450	966,068	-	-	1,299,450	966,068
Total	3,531,303	2,867,307	15,454,855	14,819,011	18,986,158	17,686,318

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

**Long-term Debt.** As of June 30, 2025, the Town of Mayodan had total long-term debt outstanding of \$597,853. 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		Business-Type		Total	
	Activities		Activities			
	2025	2024	2025	2024	2025	2024
Installment Purchases	452,550	229,110			452,550	229,110
Public Works Facility			145,303	186,489	145,303	186,489
Installment Loan						
Two MG Water Tank				-	-	-
Regional Wastewater Treatment						
Plant Revolving Loan				-	-	-
<b>Total</b>	<b>452,550</b>	<b>229,110</b>	<b>145,303</b>	<b>186,489</b>	<b>597,853</b>	<b>415,599</b>

The Town of Mayodan’s total long-term debt increased by \$182,254 (44%) during the past fiscal year, primarily due to a new loan agreement to finance police vehicles.

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 \$28,397,744. The town has no bonds authorized but un-issued at June 30, 2025.

Additional information regarding the Town of Mayodan’s long-term debt can be found in note III 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 99% and the rate for DMV tax collection was 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

# Town of Mayodan

spring. This draws in excess of 2,500 visitors to the park in a given weekend. Hosting the championship event in the park increases the potential for more visitors, increased sales tax, and fee payments to the Town. In this 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, 2025**

- 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 \$9.5 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 to utilize and explore.

**Governmental Activities:** Budgeted expenditures in the General Fund are expected to remain stable for the year ended June 30, 2025.

# 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](mailto:mshuler@mayodannc.org)

Town of Mayodan  
Statement of Net Position  
June 30, 2025

Exhibit 1

	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Cash and cash equivalents	3,345,157	4,435,573	7,780,730
Taxes receivable, net of allowance for uncollectible of \$19,147	33,180	-	33,180
Customer receivables, net of allowance for uncollectible of \$49,040 and \$104,616, respectively	49,481	464,693	514,174
Accrued interest receivable	-	-	-
Prepaid Expense	35,234	15,200	50,434
Due from other governments	282,639	32,886	315,525
Internal balances	(350,686)	350,686	-
Inventory	-	322,229	322,229
Total Current Assets	3,395,005	5,621,267	9,016,272
 Restricted Assets			
Cash and Temporary Investments	1,130,686	6,858,529	7,989,215
 Capital assets			
Land and Construction in Progress	687,705	111,061	798,766
Other capital assets, net of depreciation	2,843,598	15,343,794	18,187,392
Total Capital Assets	3,531,303	15,454,855	18,986,158
Total Assets	8,056,994	27,934,651	35,991,645
 <b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Pension deferrals	683,275	242,949	926,224
OPEB deferrals	245,146	132,002	377,148
Total deferred outflows of resources	928,421	374,951	1,303,372

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

Town of Mayodan  
Statement of Net Position  
June 30, 2025

Exhibit 1, cont.

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities	128,984	70,310	199,294
Compensated absences payable	139,536	96,382	235,918
Unearned revenue	770,429	6,806,359	7,576,788
Customer deposits	-	52,170	52,170
Net OPEB obligation	2,901,757	1,562,484	4,464,241
Net pension liability	945,216	444,808	1,390,024
Net pension obligation-separation allowance	721,994	-	721,994
Long-term notes payable:			
Due within one year	116,209	43,957	160,166
Due in more than one year	336,341	101,346	437,687
Total liabilities	<u>6,060,466</u>	<u>9,177,816</u>	<u>15,238,282</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Pension deferrals	86,789	3,816	90,605
OPEB deferrals	477,913	257,338	735,251
Total deferred inflows of resources	<u>564,702</u>	<u>261,154</u>	<u>825,856</u>
<b>NET POSITION</b>			
Net investment in capital assets	3,078,753	15,309,552	18,388,305
Restricted for:			
Economic Development	-	-	-
Cemetery	116,614	-	116,614
Public safety	116,204	-	116,204
Transportation	127,439	-	127,439
Stabilization by State Statute	293,886	-	293,886
Unrestricted	<u>(1,372,649)</u>	<u>3,561,080</u>	<u>2,188,431</u>
Total net position	<u><u>2,360,247</u></u>	<u><u>18,870,632</u></u>	<u><u>21,230,879</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, 2025

Exhibit 2

	Net (Expense) Revenue and Changes in Net Assets					
	Expenses	Program Revenues			Primary Government	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business- Type Activities
Primary Government:						
Governmental Activities:						
General government	761,629	190,130	-	-	(571,499)	(571,499)
Public Safety	2,053,346	-	156,063	-	(1,897,283)	(1,897,283)
Transportation	371,436	-	95,863	-	(275,573)	(275,573)
Economic Development	146,208	-	-	-	(146,208)	(146,208)
Environmental Protection	222,327	235,300	1,868	-	14,841	14,841
Cultural and Recreation	431,615	33,270	12,523	38,900	(346,922)	(346,922)
Cemeteries	1,979	16,800	-	-	14,821	14,821
Interest on long-term debt	5,170	-	-	-	(5,170)	(5,170)
<b>Total Governmental Activities</b>	<b>3,993,710</b>	<b>475,500</b>	<b>266,317</b>	<b>38,900</b>	<b>(3,212,993)</b>	<b>-</b>
Business Type Activities						
Water & Sewer Fund	3,226,895	4,193,182	-	608,342	1,574,629	1,574,629
<b>Total</b>	<b>7,220,605</b>	<b>4,668,682</b>	<b>266,317</b>	<b>647,242</b>	<b>(3,212,993)</b>	<b>1,574,629</b>
General Revenues:						
Property Taxes, Levied for General Purposes				2,464,943		2,464,943
Taxes Other than Property Taxes				891,047		891,047
Unrestricted Intergovernmental Allocations				333,666		333,666
Investment Earnings				131,657	201,680	333,337
Miscellaneous				15,399	24,472	39,871
<b>Total General Revenues, Special Items, and Transfers</b>				<b>3,836,712</b>	<b>226,152</b>	<b>4,062,864</b>
Change in Net Position				623,719	1,800,781	2,424,500
Net Position - Beginning				1,736,528	17,069,851	18,806,379
Net Position - Ending				<b>2,360,247</b>	<b>18,870,632</b>	<b>21,230,879</b>

Town of Mayodan, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2025

Exhibit 3

	Major		Non-Major Funds	Total
	General Fund	Washington Mills Fund		
<b>Assets:</b>				
Cash and cash equivalents	3,345,157			3,345,157
Restricted Cash	116,614	770,429	243,643	1,130,686
Receivables:				
Taxes (net)	33,180			33,180
Accounts Receivable (net)	49,481			49,481
Street assessments	4,134			4,134
Prepaid Expenses	35,234			35,234
Due from other funds	-			-
Due from other governmental units	282,639			282,639
<b>Total assets</b>	<b><u>3,866,439</u></b>	<b><u>770,429</u></b>	<b><u>243,643</u></b>	<b><u>4,880,511</u></b>
<b>Liabilities:</b>				
Accounts payable and accrued liabilities	128,984			128,984
Due to other funds	350,686			350,686
Unearned Revenue	-	770,429		770,429
<b>Total liabilities</b>	<b><u>479,670</u></b>	<b><u>770,429</u></b>	<b><u>-</u></b>	<b><u>1,250,099</u></b>
<b>Deferred Inflows of Resources</b>				
Street Assessments Receivable	4,134			4,134
Property Taxes Receivable	33,342			33,342
<b>Total Deferred Inflows of Resources</b>	<b><u>37,476</u></b>	<b><u>-</u></b>	<b><u>-</u></b>	<b><u>37,476</u></b>
<b>Fund Balances:</b>				
Non-Spendable				
Prepaid Expenses	35,234			35,234
Restricted				
Streets	-		127,439	127,439
Cemetery	116,614			116,614
Public Safety	-		116,204	116,204
Economic Development	-			-
Stabilization by State Statute	329,120			329,120
Assigned				
Subsequent Year's Expenditures	287,500			287,500
Unassigned	2,580,825			2,580,825
<b>Total Fund Balances</b>	<b><u>3,349,293</u></b>	<b><u>-</u></b>	<b><u>243,643</u></b>	<b><u>3,592,936</u></b>
<b>Total Liabilities and Fund Balances</b>	<b><u>3,866,439</u></b>	<b><u>770,429</u></b>	<b><u>243,643</u></b>	<b><u>4,880,511</u></b>

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

Town of Mayodan, North Carolina  
Balance Sheet  
Governmental Funds  
June 30, 2025

Exhibit 3, cont.

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

Total Fund Balance		3,592,936
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		3,531,303
Net pension liability		(945,216)
Deferred outflows of resources related to pensions and OPEB		928,421
Deferred inflows of resources related to pensions and OPEB		(564,702)
Liabilities for earned revenues considered deferred inflows of resources in fund statements		33,342
Liabilities not due and payable in current period and not reported		
Long-term notes payable	(452,550)	
Net pension obligation-separation allowance	(721,994)	
Compensated absences payable	(139,536)	
Net OPEB obligation	<u>(2,901,757)</u>	<u>(4,215,837)</u>
Total Net Position of Governmental Activities		<u><u>2,360,247</u></u>

Town of Mayodan, North Carolina  
Statement of Revenues, Expenditures and  
Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2025

Exhibit 4

	Major		Non-Major Funds	Total Governmental Funds
	General Fund	Washington Mills Fund		
<b>Revenues:</b>				
Ad valorem taxes	2,454,210			2,454,210
Other taxes	891,047			891,047
Unrestricted intergovernmental revenues	333,666			333,666
Restricted intergovernmental revenues	123,100	11,748	120,694	255,542
Permits and fees	3,130			3,130
Sales and services	472,370			472,370
Investment earnings	121,582		10,075	131,657
Insurance claims	8,731			8,731
Miscellaneous	56,343			56,343
Total revenues	4,464,179	11,748	130,769	4,606,696
<b>Expenditures:</b>				
General government	822,327			822,327
Public safety	2,211,025		25,239	2,236,264
Transportation	319,872		356,750	676,622
Economic development	146,208			146,208
Environmental protection	222,327			222,327
Cultural and recreational	513,942	11,748		525,690
Cemetery	579			579
Debt Service	68,870			68,870
Special appropriations	-			-
Total expenditures	4,305,150	11,748	381,989	4,698,887
Revenue over (under) expenditures	159,029	-	(251,220)	(92,191)
<b>Other financing sources (uses)</b>				
Proceeds from financed purchase	287,140	-	-	287,140
Operating transfers (to) from other funds, net	(494,863)	-	494,863	-
Increase (decrease) in fund balance	(48,694)	-	243,643	194,949
Fund balance, beginning of year,	3,397,987	-	-	3,397,987
Fund balance, end of year	3,349,293	-	243,643	3,592,936

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, 2025

Exhibit 4  
(continued)

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

Net changes in fund balances - total governmental funds		194,949
<p>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.</p>		
Capital Outlay	978,647	
Depreciation	<u>(314,651)</u>	663,996
<p>Contributions to pension and OPEB plans in the current year are not included in the statement of activities as expenses</p>		
Pension	209,958	
OPEB	102,957	
Police officer separation payments	<u>77,660</u>	390,575
<p>Revenues in the statement of activities that do not provide current financial resources are not reported revenues in the funds.</p>		
Change in unavailable revenue		10,733
<p>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.</p>		
New long-term debt	(287,140)	
Principal payments on long-term debt	<u>63,700</u>	(223,440)
<p>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.</p>		
Compensated absences	(7,804)	
Net OPEB Obligation	(46,238)	
Net Pension Obligation - Police Officer Separation	(77,835)	
Pension expense	<u>(281,217)</u>	<u>(413,094)</u>
Total changes in net assets of governmental activities		<u><u>623,719</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, 2025

Exhibit 5

	General Fund			Variance with Final Budget Positive (Negative)
	Original Budget	Final Budget	Actual	
Revenue:				
Ad valorem taxes	2,353,162	2,355,362	2,454,210	98,848
Other taxes	892,680	892,680	891,047	(1,633)
Unrestricted intergovernmental Revenues	311,000	311,000	333,666	22,666
Restricted intergovernmental Revenues	119,100	119,100	123,100	4,000
Permits and Fees	1,000	2,800	3,130	330
Sales and Services	446,425	452,625	472,370	19,745
Investment earnings	72,896	109,096	121,582	12,486
Insurance claims	8,731	8,731	8,731	-
Miscellaneous	75,700	113,450	56,343	(57,107)
<b>Total Revenue</b>	<b>4,280,694</b>	<b>4,364,844</b>	<b>4,464,179</b>	<b>99,335</b>
General government	1,009,294	1,040,994	822,327	218,667
Public safety	2,613,008	2,689,958	2,211,025	478,933
Transportation	524,961	530,961	319,872	211,089
Economic development	225,100	225,100	146,208	78,892
Environmental protection	247,792	247,792	222,327	25,465
Cultural and recreational	514,710	550,710	513,942	36,768
Cemetery	2,500	2,500	579	1,921
Debt Service	68,752	68,752	68,870	(118)
Special Appropriations	-	-	-	-
<b>Total Expenditures</b>	<b>5,206,117</b>	<b>5,356,767</b>	<b>4,305,150</b>	<b>1,051,617</b>
Revenue over (under) Expenditures	<u>(925,423)</u>	<u>(991,923)</u>	<u>159,029</u>	<u>1,150,952</u>
Other financing sources (uses)				
Operating transfer from (to) other funds	-	-	(494,863)	(494,863)
Proceeds from financed purchase	600,000	600,000	287,140	(312,860)
Fund Balance Appropriated	325,423	391,923	-	(391,923)
	<u>925,423</u>	<u>991,923</u>	<u>(207,723)</u>	<u>(1,199,646)</u>
Excess of Revenues and Other Sources Over (under) Expenditures and other uses	<u>-</u>	<u>-</u>	<u>(48,694)</u>	<u>(48,694)</u>
Fund balance, beginning of year			<u>3,397,987</u>	
Fund balance, end of year			<u>3,349,293</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, 2025

Exhibit 6

	<u>Enterprise Fund</u>
Assets:	
Current assets:	
Cash and temporary investments	4,435,573
Accounts receivable-customers (net)	464,693
Inventory	322,229
Prepaid expenses	15,200
Due from other funds	350,686
Due from other governments	<u>32,886</u>
Total current assets	<u>5,621,267</u>
Restricted assets:	
Cash and temporary investments	<u>6,858,529</u>
Capital assets (net)	<u>15,454,855</u>
Total assets	<u>27,934,651</u>
Deferred outflows of resources	
Pension deferrals	242,949
OPEB deferrals	<u>132,002</u>
Total deferred outflows of resources	<u>374,951</u>
Total assets and deferred outflow of resources	<u><u>28,309,602</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, 2025

Exhibit 6, cont.

Liabilities, Deferred Inflows of Resources and Net Position:

Current liabilities:	
Accounts payable	70,310
Accrued salaries	10,220
Customer deposits	52,170
Due to Other Funds	-
Notes payable - current maturities	43,957
Total current liabilities	<u>176,657</u>
Other liabilities:	
Accrued vacation pay	86,162
Net pension liability	444,808
Notes payable - non-current maturities	101,346
Net OPEB obligation	1,562,484
Unearned revenue	6,806,359
Total other liabilities	<u>9,001,159</u>
Total liabilities	<u>9,177,816</u>
Deferred inflows of resources:	
Pension deferrals	3,816
OPEB deferrals	257,338
Total deferred outflows of resources	<u>261,154</u>
Net Position:	
Net Investment in capital assets	15,309,552
Unrestricted	3,561,080
Total Net Position	<u>18,870,632</u>
Total liabilities, deferred inflows of resources and net position	<u><u>28,309,602</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, 2025

Exhibit 7

	<u>Enterprise Fund</u>
Operating Revenue:	
Water and sewer charges	3,976,681
Other operating revenues	<u>216,501</u>
Total revenues	<u>4,193,182</u>
Operating expenses:	
Water Department	579,426
Water Plant	755,431
Sewer Department	469,198
Waste Water Treatment Plant	624,157
Bad Debt	-
Utility Service Fee	<u>187,000</u>
Total operating expenses other than depreciation	2,615,212
Depreciation	<u>608,075</u>
Total operating expenses	<u>3,223,287</u>
Net operating income	<u>969,895</u>
Non-operating revenues (expenses)	
Capital Contributions	608,342
Interest income	201,680
Insurance proceeds	12,498
Miscellaneous	11,974
Interest expense	<u>(3,608)</u>
Net non-operating revenue (expense)	<u>830,886</u>
Net Income/(Loss)	1,800,781
Total Net Position - beginning of year	<u>17,069,851</u>
Total Net Position - end of year	<u><u>18,870,632</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, 2025

Exhibit 8

	<u>Enterprise Fund</u>
Cash flows from operating activities:	
Cash received from customers	3,973,967
Cash paid for goods & services	(1,474,112)
Cash paid to employees	(1,140,432)
Customer deposits and refunds received	660
Other operating revenue	59,324
Net cash provided by operating activities	1,419,407
Cash flows from non-capital financing activities:	
Increase (decrease) in due to other funds	(350,531)
Net cash used by non-capital financing activities	(350,531)
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(1,243,919)
Capital contribution from other governments	632,814
Deferred revenue	6,190,676
Principal paid on bonds and equipment contracts	(41,186)
Interest paid on bonds and equipment contracts	(3,608)
Net cash used by capital and related financing activities	5,534,777
Cash flows from investing activities:	
Interest on investments	201,680
Net cash used for investing activities	201,680
Net increase (decrease) in cash and cash equivalents	6,805,333
Cash and cash equivalents at beginning of year	4,488,769
Cash and cash equivalents at end of year	11,294,102

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, 2025

Exhibit 8

	<u>Enterprise Fund</u>
Reconciliation of operating income to net cash provided by operating activities:	
Operating Income (Loss)	969,895
Adjustments to reconcile operating income (Loss) to net cash provided by operating activities:	
Depreciation	608,075
Amortization of revenue from Waste Water Treatment Rights	(158,177)
Change in assets and Liabilities:	
(Increase) decrease in accounts receivables customers	(1,714)
(Increase) decrease in inventories	(74,602)
(Increase) decrease in prepaid expenses	15,200
Net pension expense	14,153
Net OPEB expense	33,534
Increase (decrease) in accounts payable	(62,921)
Increase (decrease) in customer deposits	63,835
Increase (decrease) in accrued salaries	660
Increase (decrease) in accrued vacation pay	1,066
(Increase) decrease in due from other governments	10,403
Total Adjustments	449,512
Net cash provided by operating activities	1,419,407

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, 2025

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, 2025

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.

**Washington Mills Fund** – The Special Revenue Fund is used to account for the proceeds of the transactions related to the Washington Mills project.

The Town reports the following non-major governmental funds:

**Powell Bill Fund** – The Special Revenue Fund is used to account for the proceeds of the transactions related to Powell Bill funds.

**Drug Forfeiture Fund** – The Special Revenue Fund is used to account for the proceeds of the transactions related to drug forfeiture funds received and spent by the police department.

**Miscellaneous Grant Fund** – The Special Revenue Fund is used to account for the proceeds of the transactions related to various miscellaneous grants.

**Capital Reserve Fund** – The Capital Reserve Fund is used to account for the proceeds of the transactions related to reserve funds related to the purchase of a new fire truck.

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.

During the course of operations, the Town has activity between funds for various purposes. Any residual balances outstanding at year's end are reported as due from/to other funds. Activity occurs during the year involving transfers of resources between funds, which are reported at gross amounts as transfers in/out. While these balances are reported in the fund financial statements, certain eliminations are made for the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column. Transfers between the funds included in governmental activities are eliminated so that only net amounts are included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only net amounts are included as transfers in the business-type activities column.

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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 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, including lease and information technology subscription (SBITA) liabilities, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and acquisitions under leases and subscription-based information technology arrangements (SBITAs) are reported as other financing sources.

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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.

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. The enterprise fund capital project funds are consolidated with their respective operating fund for reporting purposes. 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.

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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 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.

G.S. 159-30 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 non-guaranteed federal agencies, certain high quality issues of commercial paper, bankers' acceptances, and mutual fund shares when the mutual fund is certified by the Local Government Commission. The Town's investments are generally reported at fair value.

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is an SEC-registered money market mutual fund that is currently certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAM by S&P and AAA-mf by Moody's Investors Service and reported at fair value.

The Town has invested in securities that are callable and that provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

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, 2025

Exhibit 9

3. Restricted Assets

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. Cemetery funds are classified as restricted cash because it can only be used for cemetery purposes. Washington Mills and all the non-major funds are classified as restricted cash due to the funds are only allowed to be used for specific purposes of those related funds.

Town of Mayodan Restricted Cash

Governmental Activities	
Streets	\$ 127,439
Cemetery	116,614
Public Safety	116,204
Deferred Grant Revenue	<u>770,429</u>
Total governmental activities	<u>1,130,686</u>
Business-type Activities	
Water and Sewer Fund	
Customer Deposits	52,170
Deferred Revenue	<u>6,806,359</u>
Total Business-type Activities	<u>6,858,529</u>
Total Restricted Cash	<u>\$ 7,989,215</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, 2024.

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, 2025

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:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
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 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.

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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.

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.

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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** - a 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.

**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.

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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 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

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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. Noncompliance with North Carolina General Statutes

The Town violated G. S. 159-34, which requires local governments to submit an audit six months after the year-end.

The Town violated G.S. 159-13, which requires local governments to budget expenditures. The Town exceeded the budget by \$118 for Debt Service expenditures, \$239 in the SRF-Misc Funds, and by \$1,248 in the Washington Mills Fund.

The Town was not in compliance with the bonding requirements prescribed in N.C.G.S §159-29, which requires the finance officer to be bonded in the amount not less than the greater of \$50,000 or 10% of the total budgeted expenditures. The finance officer was only bonded for \$850,000, but should have been bonded for \$1,000,000. Management is in the process of obtaining additional bond coverage to meet the statutory requirement and expects to comply during the subsequent fiscal year.

III. 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, 2025

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.

As of June 30, 2025, the Town's deposits had a carrying amount of \$8,380,836 and a bank balance of \$8,526,622. The Town's bank balances are fully covered by federal depository insurance or by collateral held under the pooling method. As of June 30, 2025, the Town's petty cash fund totaled \$200.00.

2. Investments

On June 30, 2025, the City's investment balances were as follows:

<u>Type</u>	<u>Valuation Method</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Rating</u>
NC Capital Management Trust	Level 1	1,135,395	N/A	AAAm
NC Class	Level 1	6,253,714	N/A	AAAm
		<u>7,389,109</u>		

All investments are measured using the market approach by using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets. Level 2 debt securities are valued using a matrix pricing technique. Matrix pricing is used to value securities based on the securities' benchmark quoted prices.

The City has no formal investment policy regarding interest rate risk.

3. 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:

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

	June 30, 2025
<u>General Fund</u>	
Taxes Receivable	\$ 19,147
Accounts Receivable	49,040
<u>Enterprise funds</u>	
Water and Sewer Fund	104,616
	\$ 172,803

4. Capital Assets

Capital asset activity for the Town of Mayodan for the year ended June 30, 2025 was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
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	687,704	-	-	687,704
Capital assets being depreciated:				
Buildings	1,165,526	136,576		1,302,102
Land improvements	50,608	46,000		96,608
Farris Park	807,295			807,295
Furniture and equipment	1,533,400	146,431		1,679,831
Vehicles and motorized equipment	2,021,920	287,140		2,309,060
Infrastructure -road	1,176,066	362,500		1,538,566
Total capital assets being depreciated	6,754,815	978,647	-	7,733,462
Less accumulated depreciation for:				
Buildings	817,769	41,174		858,943
Land improvements	22,989	3,124		26,113
Farris Park improvements	629,270	12,732		642,002
Furniture and equipment	1,305,756	69,739		1,375,495
Vehicles and motorized equipment	1,589,430	158,764		1,748,194
Infrastructure -road	209,998	29,118		239,116
Total accumulated depreciation	4,575,212	314,651	-	4,889,863
Total capital assets being depreciated, net	2,179,603			2,843,599
Governmental activity capital assets, net	2,867,307			3,531,303

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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

	June 30, 2025
General Government	15,676
Public Safety	180,491
Transportation	69,961
Cultural and Recreational	47,123
Cemetery	1,400
Total depreciation expense	314,651

	Beginning Balances	Increases	Decreases	Ending Balances
Water and Sewer Fund				
Capital assets not being depreciated:				
Land	111,061			111,061
Construction in progress	968,664	755,892		1,724,556
Total capital assets not being depreciated	1,079,725	755,892	-	1,835,617
Capital assets being depreciated:				
Plant and distribution systems and buildings	25,218,794	105,276		25,324,070
Furniture and equipment	963,871	264,487		1,228,358
Vehicles	472,803	118,264		591,067
Total capital assets being depreciated	26,655,468	488,027	-	27,143,495
Less accumulated depreciation for:				
Plant and distribution systems	11,819,007	501,650		12,320,657
Furniture and Equipment	791,218	56,457		847,675
Vehicles	305,957	49,968		355,925
Total accumulated depreciation	12,916,182	608,075	-	13,524,257
Total capital assets being depreciated, net	13,739,286			13,619,238
Business-type Activities Capital Assets, Net	14,819,011			15,454,855

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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](http://www.osc.nc.gov).

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

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

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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, 2025, was 15.04% of compensation for law enforcement officers and 13.07% 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 \$313,565 for the year ended June 30, 2025.

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

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

At June 30, 2025, the Town reported a liability of \$1,390,024 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2025, the Town's proportion was .02062%, which was an increase of .00002% from its proportion measured as of June 30, 2024.

For the year ended June 30, 2025, the Town recognized pension expense of \$418,359. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	243,585	1,638
Changes in assumptions	-	
Net difference between projected and actual earnings on pension plan investments	188,973	
Changes in proportion and differences between Town contributions and proportionate share of contributions	13,092	10,289
Town contributions subsequent to the measurement date	313,565	
Total	759,215	11,927

\$313,565 Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended June 30:**

2026	\$ 134,112
2027	274,056
2028	46,922
2029	(21,367)
2030	-
Thereafter	-
	\$ 433,723

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

Inflation	2.5 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

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period of January 1, 2015 through December 31, .

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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	33.0%	2.4%
Global Equity	38.0%	6.5%
Real Estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Credit	7.0%	5.3%
Inflation Protection	6.0%	4.3%
Total	<u>100%</u>	

The information above is based on 30-year expectations developed with an investment consulting firm's 2023 long-term capital market assumptions. 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 subtracting a long-term inflation assumption of 2.38% multiplicatively. All rates of return and inflation are annualized figures. Source data provided in the 2024 Annual Comprehensive Financial Report published on the website of the NC Office of State Controller.

*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 assumes 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,

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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:

	<b>1% Decrease (5.50%)</b>	<b>Discount Rate (6.50%)</b>	<b>1% Increase (7.50%)</b>
Town’s proportionate share of the net pension liability (asset)	2,463,163	1,390,024	507,219

*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.

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, 2024, the Separation Allowance’s membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>16</u>
Total	<u>19</u>

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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

Inflation	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation
Discount rate	4.28 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.

*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 \$77,659 in Separation Allowance payments for the year ended June 30, 2025.

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

At June 30, 2025, the Town reported a total pension liability of \$721,994. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of \$77,835.

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 88,483	\$ 14,644
Changes of assumptions	33,273	64,035
Town benefit payments and plan administrative expense made subsequent to the measurement date	45,253	-
Total	<b>\$ 167,009</b>	<b>\$ 78,679</b>

The \$45,253 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, 2026. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year ended June 30:</b>	
2026	33,140
2027	618
2028	(3,764)
2029	9,955
2030	3,128
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 4.28 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.28 percent) or 1-percentage-point higher (5.28 percent) than the current rate:

	<b>1% Decrease (3.28%)</b>	<b>Discount Rate (4.28%)</b>	<b>1% Increase (5.28%)</b>
Total pension liability	\$ 769,179	\$ 721,994	\$ 678,692

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

Beginning Balance as of December 31, 2023	\$ 689,462
Service Cost	26,121
Interest on the total pension liability	26,316
Differences between expected and actual experience	56,040
Changes of assumptions or other inputs	(12,812)
Benefit Payments	(63,133)
Ending balance as of December 31, 2024	<b>\$ 721,994</b>

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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

The actuarial assumptions used in the December 31, 2023 valuation 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.

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
<b>Pension Expense</b>	\$ 418,359	\$ 77,835	\$ 496,194
<b>Pension Liability</b>	1,390,024	721,994	2,112,018
<b>Proportionate share of the net pension liability</b>	0.02062%	NA	
<b>Deferred of Outflows of Resources:</b>			
Differences between expected and actual experience	243,585	88,483	332,068
Changes of assumptions	-	33,273	33,273
Net difference between projected and actual earnings on plan investments	188,973		188,973
Changes in proportion and differences between contributions and proportionate share of contributions	13,092		13,092
Benefit payments and administrative costs paid subsequent to the measurement date	<u>313,565</u>	<u>45,253</u>	<u>358,818</u>
	<u>759,215</u>	<u>167,009</u>	<u>926,224</u>
<b>Deferred of Inflows of Resources</b>			
Differences between expected and actual experience	1,638	14,644	16,282
Changes of assumptions		64,035	64,035
Net difference between projected and actual earnings on plan investments			
Changes in proportion and differences between contributions and proportionate share of contributions	10,289		10,289
	<u>11,927</u>	<u>78,679</u>	<u>90,606</u>

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

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, 2025 were \$155,559 which consisted of \$109,762 from the Town and \$45,797 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](http://www.osc.nc.gov).

*Benefits Provided.* FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$175 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 \$15 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 General Statute 58-86 and may be amended only by the North Carolina General

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

Assembly. For the fiscal year ending June 30, 2025, the State contributed \$19,789,708 to the plan. The Town's proportionate share of the State's contribution is \$892.

*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, 2025, 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 (\$637). The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of 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, 2025 and at June 30, 2024 was 0%.

For the year ended June 30, 2025, the Town recognized pension expense of \$892 and revenue of \$892 for support provided by the State. At June 30, 2025, 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	2.5 percent
Salary increases	Not applicable
Investment rate of return	6.50 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 development of the projected long-term investment returns, and the asset allocation

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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

*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 retires 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, 2025

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, 2024, 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	19	17

***Total OPEB Liability***

The Town’s OPEB liability of \$4,464,241 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

*Actuarial assumptions and other inputs.* The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 %
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	3.65%
Measurement Date	3.93%

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

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	<u>\$ 4,579,961</u>
Changes for the year	
Service Cost	80,212
Interest on TOL and cash flows	167,295
Changes of benefit terms	-
Differences between expected and actual experience	(22,047)
Changes in assumptions or other inputs	(186,313)
Benefits payments	(154,867)
Net Changes	<u>(115,720)</u>
End of year balance	<u><u>\$ 4,464,241</u></u>

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 (2.93 %)	Current Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	<u>\$ 5,191,459</u>	<u>\$ 4,464,241</u>	<u>\$ 3,889,150</u>

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

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	\$ 3,833,643	\$ 4,464,241	\$ 5,267,789

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

For the year ended June 30, 2025, the Town recognized OPEB expense of \$51,379. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	104,110	202,171
Changes of assumptions	107,823	533,080
Benefit payments and administrative costs made subsequent to the measurement date	165,215	
Total	377,148	735,251

\$165,215 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, 2026. Other amounts reported as deferred outflows of resources will be recognized in pension expense as follows:

<b>Year Ended June 30:</b>	
2026	\$ (293,517)
2027	(183,799)
2028	(46,003)
2029	-
2030	-
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, 2025

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:

	Pension	OPEB	Total
Contributions to pension plan in current fiscal year	313,565		313,565
Benefit Payments for separation allowance	77,659		77,659
Benefit Payments for OPEB		165,215	165,215
Differences between expected and actual experience	332,068	104,110	436,178
Differences between projected and actual earnings on pension plan investments	188,973		188,973
Change in assumptions	33,273	107,823	141,096
Change in proportion and differences between Town contributions and proportionate share of contributions	13,092		13,092
	958,630	377,148	1,335,778

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

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		33,342
Differences between expected and actual experience	218,452	
Differences between projected and actual earnings on pension plan investments	-	
Changes in proportion and differences between Town contributions and proportionate share of contribution	10,289	
Changes of assumptions (Separation allowance)	64,035	
Changes of assumptions (OPEB)	533,080	
	825,856	37,476

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.

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.

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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 is bonded for \$850,000. 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>
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	9,149	9,180
2029-2030	-	-	-
	<u>7,552</u>	<u>145,303</u>	<u>152,854</u>

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>
2025-2026	930	15,834	16,764
2026-2027	558	15,834	16,392
2027-2028	186	13,521	13,707
2028-2029	-	-	-
2029-2030	-	-	-
	<u>1,674</u>	<u>45,189</u>	<u>46,864</u>

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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>
2025-2026	389	23,750	24,139
	<u>389</u>	<u>23,750</u>	<u>24,139</u>

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>
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
2028-2029	-	-	-
	<u>5,309</u>	<u>96,468</u>	<u>101,778</u>

e. Police Vehicles

On July 16, 2024, the Town entered into an agreement to obtain a loan for \$287,140 to purchase five police vehicles. The loan is for five years, beginning with annual payments on October 15, 2025. The loan bears an interest rate of 4.48%.

The payment schedule is as follows:

<u>Fiscal Year</u>	<u>Interest</u>	<u>Principal</u>	<u>Total</u>
2025-2026	12,864	52,508	65,372
2026-2027	10,512	54,860	65,372
2027-2028	8,054	57,318	65,372
2028-2029	5,486	59,886	65,372
2029-2030	2,803	62,569	65,372
	<u>39,719</u>	<u>287,141</u>	<u>326,860</u>

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

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, 2025 was \$28,397,744.

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

	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2026	116,209	16,428	43,957	3,934
2027	94,811	12,703	45,370	2,521
2028	94,958	9,261	46,827	1,065
2029	84,003	5,896	9,149	32
2030	62,569	2,803	-	-
Thereafter	-	-	-	-
	<u>452,550</u>	<u>47,091</u>	<u>145,303</u>	<u>7,552</u>

g. Changes in Long-Term Liabilities:

	June 30, 2024	Increases	Decreases	June 30, 2025	Current Portion
<b>Governmental Activities:</b>					
Installation Purchases -					
Fire Truck	47,500		23,750	23,750	23,750
Public Library	61,024		15,834	45,190	15,834
Knuckleboom Loader	120,588		24,118	96,470	24,117
Police Vehicles		287,140		287,140	52,508
Compensated Absences	131,732	7,804		139,536	
Net Pension Obligation(LEO)	689,462	32,532		721,994	
Net Pension Liability(LGERS)	927,537	17,679		945,216	
Net OPEB Obligation	<u>2,955,928</u>		<u>54,171</u>	<u>2,901,757</u>	
Governmental activities long-term liabilities	<u>4,933,771</u>	<u>345,155</u>	<u>117,873</u>	<u>5,161,053</u>	<u>116,209</u>

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

	June 30, 2024	Increases	Decreases	June 30, 2025	Current Portion
Business-Type Activities:					
Due to USDA					
Public Works Facilities Building	186,489		41,186	145,303	43,957
Compensated Absences	84,913	11,469		96,382	
Net Pension Liability(LGERS)	436,488	8,320		444,808	
Net OPEB Obligation	1,624,033		61,549	1,562,484	
Business-type activities					
long-term liabilities	<u>2,331,923</u>	<u>19,789</u>	<u>102,735</u>	<u>2,248,977</u>	<u>43,957</u>

C. Interfund Balances and Activity

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

Due From	Due To		
	Water& Sewer Fund	WWTP	Total
General Fund	178,686	172,000	350,686
WWTP Fund	147,177		147,177

The interfund balances above relate to the consolidation of bank balances into one consolidated account at year-end. The allocation between the funds was corrected after year-end.

Transfers to/from Other Funds at June 30, 2025 consist of the following:

Transfer Out	Transfer in				Total
	Powell Bill	Drug Forfeiture	Grant Fund	Capital Reserve	
General Fund	<u>381,950</u>	<u>4,810</u>	<u>408</u>	<u>107,695</u>	<u>494,863</u>

The transfers between the general fund and the other funds listed are due to the new financial software being implemented at year's end and the creation of separate funds for each one listed above. The transfers were to set up the fund balance from the prior years into their correct funds.

Town of Mayodan, North Carolina  
Notes to the Financial Statements  
For the Fiscal Year Ended June 30, 2025

Exhibit 9

D. 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	3,349,293
Less:	
Prepaid Expenses	35,234
Stabilization by State Statute	329,130
Cemetery	116,614
Appropriated to Next Year	287,500
Remaining Fund Balance	<u>2,580,815</u>

IV. 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, 2025. 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.

V. Subsequent Events

Management has evaluated subsequent events through March 13, 2026, 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\*

Local Government Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Town of Mayodan's proportion of the net pension liability (asset) (%)	0.02062%	0.02060%	0.02121%	0.02140%	0.02140%	0.0207%	0.0227%	0.0217%	0.0222%	.02360%
Town of Mayodan's proportion of the net pension liability (asset) (\$)	1,390,024	1,364,025	1,196,547	328,190	764,713	566,120	538,522	331,516	470,522	105,916
Town of Mayodan's covered-employee payroll	2,192,339	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
Town of Mayodan's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	63.40%	70.68%	67.22%	20.04%	50.11%	39.01%	37.92%	23.01%	34.04%	7.66%
Plan fiduciary net position as a percentage of the total pension liability**	83.30%	82.49%	84.14%	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.

See Notes to the Schedule on the following schedule.

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

Local Government Employees' Retirement System

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 313,565	\$ 259,736	\$ 224,454	\$ 192,404	\$ 161,438	\$ 136,917	\$ 116,451	\$ 114,055	\$ 105,689	\$ 96,462
Contributions in relation to the Contractually required contribution	<u>\$ 313,565</u>	<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>
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	\$ 2,192,339	\$ 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
Contributions as a percentage of covered-employee payroll	14.30%	13.46%	13.71%	11.75%	9.43%	9.43%	8.20%	8.31%	6.98%	7.32%

Notes to the schedules:

For 2024, the total pension liability for the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Actuarial Cost Method	Entry Age Normal
Asset Valuation Method	Smoothed Fair Value
Assumptions:	
Inflation	2.50%
Discount Rate	6.50%
Real Wage Growth	0.75%
Payroll Growth	3.25%
Mortality	RP-2014 Total Data Set for Healthy Annuitants

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

Local Firefighters' and Rescue Squad Workers' Retirement System

	2025	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%	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	<u>892</u>	<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>
Total	<u><u>892</u></u>	<u><u>9,107</u></u>	<u><u>9,280</u></u>	<u><u>(13,585)</u></u>	<u><u>17,994</u></u>	<u><u>19,415</u></u>	<u><u>26,848</u></u>	<u><u>24,002</u></u>	<u><u>19,529</u></u>	<u><u>20,230</u></u>	<u><u>14,927</u></u>
Town of Mayodan's covered-employee payroll	119,117	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	0.75%	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	89.69%	89.69%	89.35%	84.94%	91.40%	93.42%	92.76%	91.45%	91.45%	93.42%	93.42%

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

	<u>2025</u>	<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	689,462	647,943	755,338	650,358	449,498	463,415	489,231	420,584	399,352
Service Cost	26,121	23,426	31,880	34,793	19,926	16,608	18,541	16,576	16,346
Interest on the total pension liability	26,316	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	56,040	11,747	(30,856)	100,571	28,926	(34,222)	(18,913)	18,479	-
Changes in assumptions or other inputs	(12,812)	13,208	(100,932)	(18,492)	161,959	11,479	(16,311)	25,421	(9,371)
Benefit payments	<u>(63,133)</u>	<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>721,994</u>	<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 Nine Fiscal Years

	<u>2025</u>	<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	721,994	689,462	647,943	755,338	650,358	449,498	463,415	489,231	420,584
Covered payroll	938,129	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	76.96%	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 Eight Fiscal Years

<b>Total OPEB Liability</b>	2025	2024	2023	2022	2021	2020	2019	2018
Service Cost	\$ 80,212	\$ 91,865	\$ 135,475	\$ 149,295	\$ 97,197	\$ 132,164	\$ 141,481	\$ 162,657
Interest on the total pension liability	167,295	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	(22,047)	212,875	4,816	(1,090,570)	(5,406)	26,788	45,257	2,247
Changes in assumptions or other inputs	(186,313)	2,438	(1,046,526)	256,971	1,077,911	2,679	(264,491)	(478,627)
Benefit payments	(154,867)	(163,783)	(153,374)	(157,822)	(170,425)	(170,334)	(169,044)	(118,540)
Net Change in Total OPEB Liability	(115,720)	295,445	(945,365)	(709,305)	1,166,757	167,161	(82,882)	(284,361)
Total OPEB Liability - beginning	4,579,961	4,284,516	5,229,881	5,939,186	4,772,429	4,605,268	4,688,150	4,972,511
Total OPEB Liability - ending	<u>4,464,241</u>	<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	\$ 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	457.65%	469.51%	402.57%	491.40%	605.30%	486.39%	344.24%	350.43%

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, 2025  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2024)

	2025		Variance Favorable (Unfavorable)	2024
	Budget	Actual		Actual
<b>Revenues:</b>				
Ad valorem taxes:				
Current Year:				
Property		2,449,057		1,957,916
Penalties and interest		5,153		4,114
Total	2,355,362	2,454,210	98,848	1,962,030
Other Taxes & Licenses:				
Local option sales taxes		890,672		881,277
Privilege license		375		180
Total	892,680	891,047	(1,633)	881,457
Unrestricted intergovernmental				
Revenues:				
Beer and wine	11,000	9,680	(1,320)	11,807
Franchise tax	300,000	323,986	23,986	310,503
Total	311,000	333,666	22,666	322,310
Restricted intergovernmental				
Revenues:				
Powell Bill funding	-	-	-	86,768
County Fire Department Funding	-	-	-	2,400
Madison & Mayodan Fire District	117,000	121,232	4,232	104,306
Firemen's Pension Fund	-	-	-	4,462
Solid Waste Disposal Tax	2,100	1,868	(232)	1,891
Donations and Grants:	-	-	-	3,487
Total	119,100	123,100	4,000	203,314
Permits & Fees:				
Building Permits and Inspection Fees	2,800	3,130	330	2,290
Sales and Services:				
Solid waste fees	226,000	235,300	9,300	225,102
Sale of cemetery plots	7,500	16,800	9,300	11,700
Jail and arrests		-	-	842
Farris Park revenue	32,125	33,270	1,145	25,196
Truck Use Fees		-	-	487
Reimbursement - Admin. Fee from W/S	187,000	187,000	-	130,000
Total	452,625	472,370	19,745	393,327

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, 2025  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2024)

	2025		Variance Favorable (Unfavorable)	2024
	Budget	Actual		Actual
Investment Earnings:				
Investment earnings	109,096	121,582	12,486	37,756
Total	109,096	121,582	12,486	37,756
Insurance claims	8,731	8,731	-	39,978
Miscellaneous:				
Miscellaneous	-	1,270	1,270	4,042
Golf Cart	-	1,698	1,698	2,052
Miscellaneous - Police	5,000	-	(5,000)	4,632
Street Assessments	-	-	-	-
Donations	102,250	49,675	(52,575)	13,925
Sale of assets	6,200	3,700	(2,500)	-
Total	113,450	56,343	(57,107)	24,651
Total Revenues	4,364,844	4,464,179	99,335	3,867,113
Expenditures:				
General government:				
Governing Body:				
Salaries and employee benefits	15,587	15,500	87	15,188
Other operating expenses	7,650	7,632	18	3,400
Total	23,237	23,132	105	18,588
Administrative:				
Salaries and employee benefits	203,383	203,207	176	128,968
Professional services	68,732	68,430	302	81,247
Other operating costs	252,210	156,850	95,360	119,981
Capital outlay	72,000	72,000	-	-
Total	596,325	500,487	95,838	330,196
Finance Department:				
Salaries and employee benefits	217,655	215,053	2,602	189,537
Other operating costs	17,470	16,508	962	38,163
Total	235,125	231,561	3,564	227,700

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, 2025  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2024)

	2025		Variance Favorable (Unfavorable)	2024
	Budget	Actual		Actual
Public Buildings:				
Operating expenses	40,800	18,799	22,001	12,787
Capital Outlay	145,507	48,348	97,159	-
Total	<u>186,307</u>	<u>67,147</u>	<u>119,160</u>	<u>12,787</u>
Total General Government	<u>1,040,994</u>	<u>822,327</u>	<u>218,667</u>	<u>589,271</u>
Public Safety:				
Police Department:				
Salaries and employee benefits	1,575,666	1,516,073	59,593	1,370,506
Repairs and Maintenance	35,854	28,456	7,398	37,401
Other operating costs	153,002	140,551	12,451	93,595
Capital outlay	408,251	293,284	114,967	78,958
Total	<u>2,172,773</u>	<u>1,978,364</u>	<u>194,409</u>	<u>1,580,460</u>
Fire Department:				
Salaries and employee benefits	157,480	136,072	21,408	110,456
Repairs and Maintenance	47,877	27,017	20,860	30,197
Other operating costs	193,657	23,581	170,076	25,695
Capital outlay	118,171	45,991	72,180	57,214
Total	<u>517,185</u>	<u>232,661</u>	<u>284,524</u>	<u>223,562</u>
Total Public Safety	<u>2,689,958</u>	<u>2,211,025</u>	<u>478,933</u>	<u>1,804,022</u>
Transportation:				
Street department:				
Salaries and employee benefits	137,761	129,015	8,746	106,747
Repairs and maintenance	112,062	45,934	66,128	47,880
Other operating costs	105,223	80,024	25,199	85,414
Capital outlay - Powell Bill	-	-	-	90,000
Capital outlay	175,915	64,899	111,016	64,650
Total Transportation	<u>530,961</u>	<u>319,872</u>	<u>211,089</u>	<u>394,691</u>
Economic Development:				
Economic Incentives:				
Economic Incentives	170,100	100,092	70,008	116,925
Total	<u>170,100</u>	<u>100,092</u>	<u>70,008</u>	<u>116,925</u>
Planning and Zoning:				
Planning expenses	55,000	46,116	8,884	19,101
Total Economic Development	<u>225,100</u>	<u>146,208</u>	<u>78,892</u>	<u>136,026</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, 2025  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2024)

	2025		Variance Favorable (Unfavorable)	2024
	Budget	Actual		Actual
Environmental Protection:				
Sanitation department:				
Contractual Services	172,757	172,757	-	161,700
Fuel surcharge	31,610	30,804	806	27,604
Other operating costs	30,075	18,766	11,309	15,122
Capital outlay	13,350	-	13,350	9,453
Total Environmental Protection	<u>247,792</u>	<u>222,327</u>	<u>25,465</u>	<u>213,879</u>
Cultural and recreational:				
Salaries and employee benefits	212,737	206,354	6,383	177,653
Repairs and maintenance	78,313	43,044	35,269	27,412
Other operating costs	85,157	33,605	51,552	32,068
Capital outlay	16,000	72,436	(56,436)	14,018
Total	<u>392,207</u>	<u>355,439</u>	<u>36,768</u>	<u>251,151</u>
Madison - Mayodan Recreation				
Recreation	158,503	158,503	-	158,500
Total cultural and recreational	<u>550,710</u>	<u>513,942</u>	<u>36,768</u>	<u>409,651</u>
Cemetery:				
Cemetery:				
Other operating costs	2,500	579	1,921	144
Capital Outlay	-	-	-	61,619
Total for Cemetery	<u>2,500</u>	<u>579</u>	<u>1,921</u>	<u>61,763</u>
Debt Service:				
Fire Department:				
Principal	23,750	23,750	-	23,750
Interest	946	946	-	1,507
Total for Fire Truck	<u>24,696</u>	<u>24,696</u>	<u>-</u>	<u>25,257</u>
Transportation:				
Principal	24,117	24,117	-	24,117
Interest	2,858	2,976	(118)	3,617
Total for Transportation	<u>26,975</u>	<u>27,093</u>	<u>(118)</u>	<u>27,734</u>
Public Library:				
Principal	15,833	15,833	-	15,833
Interest	1,248	1,248	-	1,621
Total for Public Library	<u>17,081</u>	<u>17,081</u>	<u>-</u>	<u>17,454</u>
Total Debt Service	<u>68,752</u>	<u>68,870</u>	<u>(118)</u>	<u>70,445</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, 2025  
(With Comparative Actual Amounts For The Fiscal Year Ended June 30, 2024)

	2025		Variance Favorable (Unfavorable)	2024
	Budget	Actual		Actual
Special Appropriations:				
Chamber of Commerce			-	4,000
Economic Development			-	1,000
Merchants Association Festival			-	1,500
Total Special Appropriations	-	-	-	6,500
Total Expenditures	5,356,767	4,305,150	1,051,617	3,686,248
Revenue over (under) Expenditures	(991,923)	159,029	1,150,952	180,865
Other financing sources (uses):				
Operating transfers-in (out):				
Transfer to other funds	-	(494,863)	(494,863)	
Proceed from Financed Purchase	600,000	287,140	(312,860)	
Fund Balance Appropriation	391,923	-	(391,923)	60,563
Total Other financing Sources(Uses)	991,923	(207,723)	(1,199,646)	60,563
Net Change in Fund Balance	-	(48,694)	(48,694)	241,428
Fund balances:				
Beginning of year		3,397,987		3,156,559
End of year, June 30		3,349,293		3,397,987

Town of Mayodan, North Carolina  
Washington Mills Fund  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2025

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Restricted intergovernmental	10,500	11,748	1,248
Total Revenues	<u>10,500</u>	<u>11,748</u>	<u>1,248</u>
Expenditures:			
Cultural and recreational:			
Professional services	-	2,046	2,046
Supplies	10,500	9,702	(798)
Total	<u>10,500</u>	<u>11,748</u>	<u>1,248</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances:			
Beginning of year, July 1		<u>-</u>	
End of year, June 30		<u>-</u>	

Town of Mayodan, North Carolina  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2025

	Powell Bill Fund	Drug Forfeiture Fund	Grant Fund	General Capital Reserve Fund	Total Nonmajor Governmental Funds
Assets					
Restricted Cash and Investments	127,439	4,968	-	111,236	243,643
Total Assets	<u>127,439</u>	<u>4,968</u>	<u>-</u>	<u>111,236</u>	<u>243,643</u>
Liabilities and Fund Balances					
Liabilities:					
Unearned Revenues					-
Total liabilities	-	-	-	-	-
Fund Balances:					
Restricted	127,439	4,968	-	111,236	243,643
Total Fund Balances	<u>127,439</u>	<u>4,968</u>	<u>-</u>	<u>111,236</u>	<u>243,643</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>127,439</u>	<u>4,968</u>	<u>-</u>	<u>111,236</u>	<u>243,643</u>

Town of Mayodan, North Carolina  
Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2025

	Powell Bill Fund	Drug Forfeiture Fund	Grant Fund	General Capital Reserve Fund	Total Nonmajor Governmental Funds
<b>Revenues:</b>					
Restricted Intergovernmental	95,863	-	24,831	-	120,694
Investment Earnings	6,376	158	-	3,541	10,075
Total revenues	<u>102,239</u>	<u>158</u>	<u>24,831</u>	<u>3,541</u>	<u>130,769</u>
<b>Expenditures</b>					
Capital Outlay	356,750	-	25,239	-	381,989
Total expenditures	<u>356,750</u>	<u>-</u>	<u>25,239</u>	<u>-</u>	<u>381,989</u>
<b>Revenues over (under) expenditures</b>	<u>(254,511)</u>	<u>158</u>	<u>(408)</u>	<u>3,541</u>	<u>(251,220)</u>
<b>Other financing sources (uses):</b>					
Transfers from other funds:					
General Fund	381,950	4,810	408	107,695	494,863
Total other financing sources	<u>381,950</u>	<u>4,810</u>	<u>408</u>	<u>107,695</u>	<u>494,863</u>
Net change in fund balance	127,439	4,968	-	111,236	243,643
Fund balances - beginning	-	-	-	-	-
Fund balances - ending	<u><u>127,439</u></u>	<u><u>4,968</u></u>	<u><u>-</u></u>	<u><u>111,236</u></u>	<u><u>243,643</u></u>

Town of Mayodan, North Carolina  
Special Revenue Fund - Powell Bill Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2025

	Final Budget	Actual	Variance Over (Under)
<b>Revenues:</b>			
Restricted intergovernmental	86,000	95,863	9,863
Investment Earnings	4,500	6,376	1,876
Total revenues	90,500	102,239	11,739
<b>Expenditures</b>			
Capital Outlay - Powell Bill	465,330	356,750	(108,580)
Total expenditures	465,330	356,750	(108,580)
<b>Revenues over (under) expenditures</b>	<b>(374,830)</b>	<b>(254,511)</b>	<b>120,319</b>
<b>Other financing sources (uses):</b>			
Transfers from other funds:			
General Fund	374,830	381,950	7,120
Total other financing sources	374,830	381,950	7,120
Net change in fund balance	-	127,439	127,439
Fund balances - beginning		-	
Fund balances - ending		127,439	

Town of Mayodan, North Carolina  
Special Revenue Fund - Drug Forfeiture Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2025

	Final Budget	Actual	Variance Over (Under)
<b>Revenues:</b>			
Restricted intergovernmental	-	-	-
Investment Earnings	-	158	158
Total revenues	-	158	158
<b>Expenditures</b>			
Capital Outlay	-	-	-
Total expenditures	-	-	-
<b>Revenues over expenditures</b>	-	158	158
<b>Other financing sources (uses):</b>			
Transfers from other funds:			
General Fund	-	4,810	4,810
Total other financing sources	-	4,810	4,810
Net change in fund balance	-	4,968	4,968
Fund balances - beginning		-	
Fund balances - ending		4,968	

Town of Mayodan, North Carolina  
Special Revenue Fund - Miscellaneous Grants Fund  
Schedule of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2025

	Final Budget	Actual	Variance Over (Under)
<b>Revenues:</b>			
Restricted intergovernmental	25,000	24,831	(169)
Investment Earnings	-	-	-
Total revenues	25,000	24,831	(169)
<b>Expenditures</b>			
Capital Outlay	25,000	25,239	239
Total expenditures	25,000	25,239	239
<b>Revenues over (under) expenditures</b>	-	(408)	(408)
<b>Other financing sources (uses):</b>			
Transfers from other funds:			
General Fund	-	408	408
Total other financing sources	-	408	408
Net change in fund balance	-	-	-
Fund balances - beginning		-	
Fund balances - ending		-	

Town of Mayodan, North Carolina  
 Capital Reserve Fund  
 Schedule of Revenues, Expenditures, and  
 Changes in Fund Balances - Budget and Actual  
 For the Year Ended June 30, 2025

	Final Budget	Actual	Variance Over (Under)
<b>Revenues:</b>			
Restricted intergovernmental	-	-	-
Investment Earnings	-	3,541	3,541
Total revenues	-	3,541	3,541
<b>Expenditures</b>			
Capital Outlay	-	-	-
Total expenditures	-	-	-
<b>Revenues over expenditures</b>	-	3,541	3,541
<b>Other financing sources (uses):</b>			
Transfers in:			
General Fund	-	107,695	107,695
Transfers out:			
General Fund	-	-	-
Total other financing sources	-	107,695	107,695
Net change in fund balance	-	111,236	111,236
Fund balances - beginning		-	
Fund balances - ending		111,236	

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, 2025  
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2024)

	2025		Variance Favorable (Unfavorable)	2024
	Budget	Actual		Actual
Operating revenue:				
Water and sewer sales	3,079,100	3,832,435	753,335	3,363,772
Tap and pretreatment fees	130,700	130,978	278	147,145
Cut off charges	20,000	12,268	(7,732)	15,361
Amortization of revenue from WWTP	-	158,177	158,177	189,813
	<u>3,229,800</u>	<u>4,133,858</u>	<u>904,058</u>	<u>3,716,091</u>
Non-Operating revenues:				
Interest income	168,124	197,966	29,842	62,906
Insurance Proceeds	12,499	12,498	(1)	-
Grants	5,000	5,000	-	-
Miscellaneous	1,800	6,974	5,174	-
Sale of assets	-	-	-	20,001
	<u>187,423</u>	<u>222,438</u>	<u>35,015</u>	<u>82,907</u>
Total Revenues	<u>3,417,223</u>	<u>4,356,296</u>	<u>939,073</u>	<u>3,798,998</u>
Operating expenses other than Depreciation:				
Water Department:				
Salaries and employee benefits	391,562	383,554	8,008	294,920
Repairs and maintenance	147,294	55,075	92,219	62,617
Operating expenses	222,473	149,711	72,762	199,662
	<u>761,329</u>	<u>588,340</u>	<u>172,989</u>	<u>557,199</u>
Capital Outlay - Water Department	104,000	170,857	(66,857)	105,802
Capital Outlay - NC PRO	-	-	-	479,598
Total - Water Department	<u>865,329</u>	<u>759,197</u>	<u>106,132</u>	<u>1,142,599</u>
Water Plant:				
Salaries and employee benefits	439,734	405,095	34,639	384,185
Repairs and maintenance	169,018	53,910	115,108	132,855
Chemicals and Supplies	129,971	121,821	8,150	108,638
Operating expenses	208,476	182,077	26,399	154,996
	<u>947,199</u>	<u>762,903</u>	<u>184,296</u>	<u>780,674</u>
Capital Outlay - Water Plant:	272,700	221,486	51,214	48,472
Total - Water Plant	<u>1,219,899</u>	<u>984,389</u>	<u>235,510</u>	<u>829,146</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, 2025  
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2024)

	2025		Variance	2024
	Budget	Actual	Favorable (Unfavorable)	Actual
<b>Sewer Department:</b>				
Salaries and employee benefits	365,922	363,252	2,670	318,330
Repairs and maintenance	89,727	38,758	50,969	154,109
Operating expenses	103,583	80,189	23,394	108,653
	<u>559,232</u>	<u>482,199</u>	<u>77,033</u>	<u>581,092</u>
Capital Outlay - Sewer Department	16,740	68,665	(51,925)	23,127
Total Sewer Department	<u>575,972</u>	<u>550,864</u>	<u>25,108</u>	<u>604,219</u>
<b>Waste Water Treatment Plant:</b>				
Contract for sewer operations	402,868	402,868	-	288,236
Repairs and maintenance	140,677	73,553	67,124	76,228
Operating expenses	149,738	147,736	2,002	209,876
Interest - WWTP Expansion	-	-	-	6,714
Principal - WWTP Expansion	-	-	-	252,411
	<u>693,283</u>	<u>624,157</u>	<u>69,126</u>	<u>833,465</u>
Capital Outlay - WWTP	5,000	27,019	(22,019)	920,340
Total Waste Water Treatment Plant	<u>698,283</u>	<u>651,176</u>	<u>47,107</u>	<u>1,753,805</u>
<b>Non-Departmental:</b>				
Bad Debt	-	-	-	6,954
Utility Service Fee	187,000	187,000	-	130,000
Total Non-Departmental	<u>187,000</u>	<u>187,000</u>	<u>-</u>	<u>136,954</u>
<b>Debt Service:</b>				
Interest - Water Department	-	-	-	2,265
Interest - Sewer Department	24,000	3,608	(20,392)	4,297
	<u>24,000</u>	<u>3,608</u>	<u>20,392</u>	<u>6,562</u>
Total Expenditures	<u>3,570,483</u>	<u>3,136,234</u>	<u>434,249</u>	<u>4,473,285</u>
Revenues over (under) expenditures	<u>(153,260)</u>	<u>1,220,062</u>	<u>1,373,322</u>	<u>(674,287)</u>
<b>Capital Contributions</b>				
Capital Contributions	-	-	-	1,031,295
Total Non-Departmental	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,031,295</u>
<b>Other financing sources (uses):</b>				
Fund balance appropriated	153,260	-	(153,260)	-
Transfer from Special Revenue - ARPA	-	-	-	479,598
	<u>153,260</u>	<u>-</u>	<u>(153,260)</u>	<u>479,598</u>
Revenues and other sources over(under) expenditures and other uses	<u>-</u>	<u>1,220,062</u>	<u>1,220,062</u>	<u>836,606</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, 2025  
(With Comparative Actual Amounts For the Fiscal Year Ended June 30, 2024)

	2025		2024
Budget	Actual	Variance Favorable (Unfavorable)	Actual
Reconciliation from modified accrual to full accrual basis:			
Revenues over (under) expenditures	1,220,062		836,606
Reconciling Items:			
Capital Outlay	488,027		1,577,339
Depreciation	(608,075)		(575,920)
Principal Payments	-		252,411
Increase in Outflows of Resources - Pension	(24,733)		13,603
Decrease in Deferred Inflows of Resources - Pension	(481)		(608)
(Increase) decrease in Net Pension Liability	(8,320)		(53,593)
Increase in Outflows of Resources - OPEB	(109,855)		4,943
Increase in Deferred Inflows of Resources - OPEB	111,227		112,925
(Increase) decrease in OPEB Liability	61,549		(324,064)
Water and Sewer Capital Projects Fund:			
Revenues and other sources (under) expenditures	(84,512)		-
Capital Outlay	755,892		-
Change in Net Position	1,800,781		1,843,642

Town of Mayodan, North Carolina  
Capital Projects Fund - WWTP  
Schedule of Revenues and Expenditures  
Budget and Actual (NON GAAP)  
From Inception and For Fiscal Year Ended June 30, 2025

	<u>Project Authorization</u>	<u>Total Inception to June 30, 2024</u>	<u>Year Ended June 30, 2025</u>	<u>Total Inception to June 30, 2025</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:					
System Development Fees	7,500,000		59,324	59,324	(7,440,676)
Grant Revenues	7,440,000	-	608,342	608,342	(6,831,658)
Investment Earnings	-	-	3,714	3,714	3,714
<b>Total Revenues</b>	<u>14,940,000</u>	<u>-</u>	<u>671,380</u>	<u>671,380</u>	<u>(14,268,620)</u>
Expenditures:					
Construction	13,702,500	-	-	-	(13,702,500)
Other Expenses	<u>1,237,500</u>	<u>-</u>	<u>755,892</u>	<u>755,892</u>	<u>(481,608)</u>
<b>Total Expenditures</b>	<u>14,940,000</u>	<u>-</u>	<u>755,892</u>	<u>755,892</u>	<u>(14,184,108)</u>
Revenues Over (Under) Expenditures	-	-	(84,512)	(84,512)	(84,512)
Other Financing Sources(Uses):					
Contribution from W/S Fund	-	-	-	-	-
Contribution to W/S Fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	-	-	-	-	-
<b>Net Change in fund balance</b>	<u>-</u>	<u>-</u>	<u>(84,512)</u>	<u>(84,512)</u>	<u>(84,512)</u>
Fund Balance					
Beginning of Year, July 1			<u>-</u>		
End of Year, June 30			<u>(84,512)</u>		

Town of Mayodan, North Carolina  
 General Fund  
 Schedule of Ad Valorem Taxes Receivable  
 June 30, 2025

Fiscal Year	Uncollected Balance June 30, 2024	Additions	Collections	Discoveries Abatements Adjustments	Uncollected Balance June 30, 2025
2024-2025		2,468,106	(2,442,345)		25,761
2023-2024	16,635		(7,153)		9,482
2022-2023	5,769		(1,560)		4,209
2021-2022	5,310		(1,162)		4,148
2020-2021	2,726		(56)		2,670
2019-2020	1,428		(341)		1,087
2018-2019	2,057		-		2,057
2017-2018	1,503		(219)		1,284
2016-2017	865		-		865
2015-2016	764		-		764
2014-2015	776			(776)	-
	<u>37,833</u>	<u>2,468,106</u>	<u>(2,452,836)</u>	<u>(776)</u>	<u>52,327</u>
Less allowance for uncollectible accounts:					
	General Fund				<u>(19,147)</u>
Ad valorem taxes receivable - net					<u>33,180</u>
Reconciliation with Revenues:					
	Ad Valorem Taxes - General Fund				2,454,210
	Reconciling items:				
	Penalties and interest				(5,153)
	Rockingham County collection fee				4,255
	Adjustments				<u>(476)</u>
Total collections and credits					<u>2,452,836</u>

Town of Mayodan, North Carolina  
 Analysis of Current Tax Levy  
 For the Fiscal Year Ended June 30, 2025

	City-Wide			Total Levy	
	Property Valuation	Rate	Amount of Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property Taxes at Current	330,390,935	0.00695	2,296,217	2,296,217	
Motor Vehicle Taxes Collected by DMV	22,510,072	0.00695	156,445	-	156,445
Penalties	-		1,052		
	352,901,007		2,453,714	2,296,217	156,445
Discoveries:					
Current Year Taxes	2,148,633	0.00695	14,933	14,933	-
	2,148,633		14,933	14,933	-
Other Adjustments					
Less: Abatements/Releases/ Corrections	(77,842)	0.00695	(541)	(541)	-
	(77,842)		(541)	(541)	-
Total Property Valuation	354,971,798				
Net Levy			2,468,106	2,310,609	156,445
Uncollected Taxes at June 30, 2025			25,761	25,761	-
Current Year's Taxes Collected			2,442,345	2,284,848	156,445
Current Levy Collection Percentage			98.96%	98.89%	100.00%

Town of Mayodan, North Carolina  
 Schedule of Interfund Transfers  
 For the Fiscal Year Ended June 30, 2025

Fund	Transfer	
	From	To
General Operating	494,863	
Poweill Bill		381,950
Drug Forfeiture		4,810
Miscellaneous Grants		408
Captial Reserve		107,695
	494,863	494,863

# Gardner & Co.

CPA, PLLC

---

**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, 2025, 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 March 13, 2026

## **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  
March 13, 2026