

REVIEWED

By SLGFD at 11:20 am, Jan 24, 2022

TOWN OF MINT HILL, NORTH CAROLINA

Audited Financial Statements

For the Fiscal Year Ended June 30, 2021

Board of Commissioners

Brad Simmons, Mayor

Mike Cochrane

Dale Dalton

Tony Long

Patrick Holton

Administrative and Financial Staff

Brian L. Welch, Town Manager

D. Lee Bailey, Deputy Town Manager

Naida Sergel, Finance Director

TOWN OF MINT HILL, NORTH CAROLINA

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Board of Commissioners
Town of Mint Hill, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mint Hill, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall financial statement presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, each major fund, and the aggregate remaining fund information of the Town of Mint Hill, North Carolina as of June 30, 2021, and the respective Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund and the Storm Water Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-11, the Law Enforcement Officers' Special Separation Allowances on pages 54-55, and the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios on page 56, respectively, and the Local Government Employees' Retirement System's Schedules of Proportionate Share of the Net Pension Asset and Contributions on pages 57-58, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements of the Town of Mint Hill, North Carolina. The combining and individual fund statements, budgetary schedules, other schedules, as well as the accompanying schedule of expenditures of federal and state awards as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Audits of State and Local Governments, and Non-Profit Organizations and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 9, 2021, on our consideration of Town of Mint Hill's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is 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 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 Mint Hill's internal control over financial reporting and compliance.

Ann R. Craven, CPA, PLLC

*Ann R. Craven, CPA, PLLC
Greensboro North Carolina
January 7, 2022*

Management's Discussion and Analysis

Introduction

As management of the Town of Mint Hill (the Town), we offer readers of the Town of Mint Hill's financial statements this narrative overview and analysis of the financial activities of the Town of Mint Hill for the fiscal year ended June 30, 2021. 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 of the Year

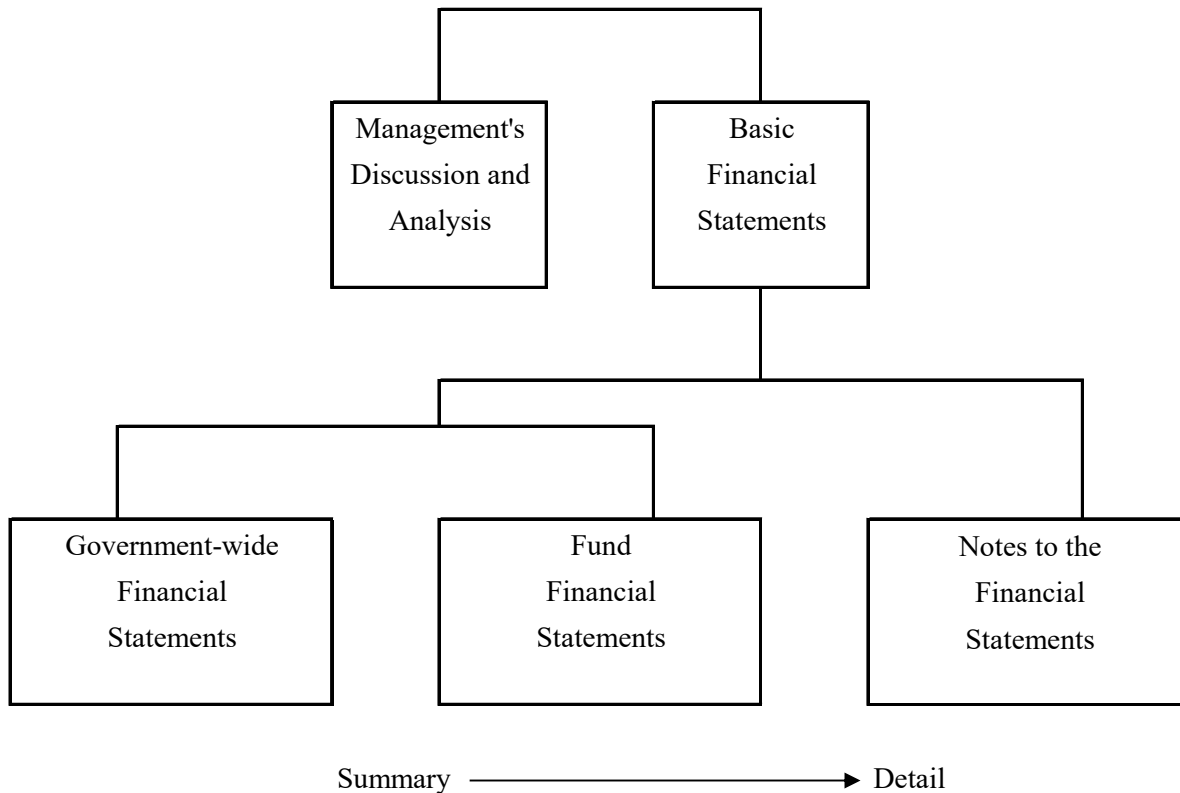
- The assets of the Town *exceeded* its liabilities and deferred inflow of resources at the close of the fiscal year by \$77,251,798.
- The Town's total net position *increased* by \$16,964,299 primarily due to streets added to the infrastructure and the donation of land, buildings and equipment donated by Mint Hill Volunteer Fire Department in exchange for the Town absorbing the fire operations.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$11,205,263, an *increase* of \$145,064 in fund balance, primarily due to issuance of new debt to absorb the fire operations and new police and fire equipment. Approximately 27.59% of this total amount or \$3,091,255 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,888,378 or 26.77% of total general fund expenditures for the fiscal year.
- The Town's total debt increased by \$273,577 to \$1,549,131 (21.45%) during the current fiscal year. The key factor(s) in this increase was debt issued for purchase of capital assets.
- The Town maintained its A1 bond rating in fiscal year 2021.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town of Mint Hill'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 Mint Hill.

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 6) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison 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 funds. Budgetary information required by the General Statutes can also be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the Town's finances, similar in format to a financial statement of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

The two government-wide statements report the Town's net position and how they have changed. Net position is the difference between the Town's total assets and total liabilities and deferred inflow of resources. Measuring net position is one way to gauge the Town's financial condition.

The government-wide statement has one category: 1) governmental activities. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes and state and federal grant funds finance most of these activities.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Mint Hill, 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 Town of Mint Hill's funds are classified as governmental funds.

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

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

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 are on pages 20 through 53 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 Mint Hill's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 54 through 60 of this report.

Interdependence with Other Entities - The Town depends on financial resources flowing from, or associated with, both the Federal Government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to Federal and State laws and Federal and State appropriations.

It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

The Town of Mint Hill's Net Position
Figure 2

	Governmental-Type Activities	
	2021	2020
Current and other assets	\$ 11,767,096	\$ 11,059,704
Capital assets	75,432,478	56,761,386
Deferred outflows of resources	2,751,234	1,384,231
Total assets and deferred outflows of resources	89,950,808	69,205,321
Long-term liabilities outstanding	10,369,001	7,320,835
Other liabilities	1,421,950	1,250,594
Deferred inflows of resources	908,060	984,567
Total liabilities and deferred inflows of resources	12,699,010	9,555,996
Net position:		
Invested in capital assets, net of related debt	73,883,347	55,485,832
Restricted	3,091,255	2,318,486
Unrestricted	277,195	1,845,007
Total net position	\$ 77,251,798	\$ 59,649,325

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Mint Hill exceeded liabilities and deferred inflow of resources by \$77,251,798 as of June 30, 2021. The net position of the Town increased by \$16,964,299 for the fiscal year ended June 30, 2021. However, the largest portion (95.64%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Mint Hill uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Mint Hill's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position, \$3,091,255, represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$277,195 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.35%, which is comparable to the statewide average of 99.08%.
- Continued low cost of debt due to the Town's high bond rating and on-going relationship with financing source(s).

Town of Mint Hill Changes in Net Position
Figure 3

	Governmental Activities	
	2021	2020
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 1,653,499	\$ 1,450,820
Capital grants and contributions	17,882,045	-
General revenues:		
Property taxes	9,349,545	9,005,796
Other taxes	4,672,164	224,800
Grants and contributions not restricted to specific programs	189,039	3,604,583
Other	892,509	1,366,993
Total revenues	<u>34,638,801</u>	<u>15,652,992</u>
Expenses:		
General government	3,280,015	2,899,402
Public safety	8,376,113	7,290,063
Transportation	2,903,008	3,574,224
Environmental protection	2,804,530	2,288,066
Culture and recreation	263,562	268,914
Interest on long-term debt	47,274	38,421
Total expenses	<u>17,674,502</u>	<u>16,359,090</u>
Increase (decrease) in net position	<u>16,964,299</u>	<u>(706,098)</u>
Net position, July 1 (consolidated) as previously reported	59,649,325	60,355,423
Restatement	<u>638,174</u>	<u>-</u>
Net position, July 1 (consolidated) as restated	<u>60,287,499</u>	<u>60,355,423</u>
Net position, June 30	<u>\$ 77,251,798</u>	<u>\$ 59,649,325</u>

Governmental activities. Governmental activities increased the Town's net position by \$16,964,299 thereby accounting for 28.14% increase in the net position of the Town of Mint Hill. Key elements of this decrease are as follows:

- Significant contribution of capital assets from Mint Hill Volunteer Fire Department as the Town is now absorbing the functions of the fire services.
- Maximized tax collections on a substantially increased levy also contributed positively to the net position.

Financial Analysis of the Town Funds

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

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

The general fund is the chief operating fund of the Town of Mint Hill. At the end of the current fiscal year, the Town's unassigned fund balance in the General Fund was \$5,888,378 while total fund balance reached \$10,790,076. The Governing Body of the Town has determined that the Town should maintain an available fund balance of 25% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting cash flow needs of the Town. The Town currently has an available fund balance of 26.77% of general fund expenditures, while total fund balance represents 49.05% of the same amount.

At June 30, 2021, the governmental funds of the Town reported a combined fund balance of \$11,205,263 with a net increase in fund balance of \$145,064. Included in this change in fund balance is an increase in the fund balance of the General Fund and a decrease in fund balance of the Special Revenues Fund. The main reason for the increase in the General Fund was the issuance of new debt to absorb the fire operations of the town and to purchase new fire and police equipment.

Budgetary Highlights: 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.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental activities as of June 30, 2021, totals \$75,432,478 (net of accumulated depreciation). These assets include land, buildings, roads, machinery and equipment, park facilities and vehicles. Major capital asset transactions during the year include the following additions and disposals:

- \$21,852,046 for capital asset additions for Town vehicles for public safety and public works, and equipment, for public works, public safety, and improvements for parks and to absorb the fire operations of the Town.
- Sale of a various equipment and vehicles for \$56,110.

**Town of Mint Hill's Capital Assets
(Net of Depreciation)**

Figure 4

	Governmental Activities	
	2021	2020
Land	\$ 5,726,796	\$ 4,463,740
Construction in progress	-	1,460,995
Buildings	8,729,084	6,461,120
Land improvements	2,431,056	1,793,916
Transportation equipment	3,781,271	1,621,182
General equipment	482,317	183,448
Police equipment	622,967	488,799
Recreation equipment	293,918	324,021
Infrastructure	53,365,069	39,964,165
Total	\$ 75,432,478	\$ 56,761,386

Additional information on the Town's capital assets can be found in Note 3 of the Basic Financial Statements.

Long-term Debt. As of June 30, 2021, the Town of Mint Hill had total outstanding debt of \$1,549,131. The entire debt is backed by the full faith and credit of the Town.

**Town of Mint Hill's Outstanding Debt
General Obligation Bonds and Installment Purchase Obligations**

Figure 5

	Governmental Activities	
	2021	2020
Installment purchase obligations	1,549,131	1,275,554
Total	\$ 1,549,131	\$ 1,275,554

The Town of Mint Hill's total debt increased by \$273,577 or (21.45%) during the past fiscal year.

As mentioned in the financial highlights section of this document, the Town maintained its A1 bond ratings from Moody's. This bond rating is a clear indication of the sound financial condition of the Town. The Town is one of the few municipal governments in the country that maintains the highest financial rating from major rating agencies. This achievement is a primary factor in keeping interest costs low on the Town's outstanding debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is \$292,722,835.

Additional information regarding the Town's long-term debt can be found in Note 3.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicator reflects the growth and prosperity of the Town:

- Total assessed valuation for ad valorem taxes was \$3,659,035,439 at June 30, 2021. At June 30, 2020, this valuation was \$3,536,787,843. This represents an increase in valuation of approximately 3.46%.

Budget Highlights for the Fiscal Year Ending June 30, 2022

The Town of Mint Hill relies on property taxes for approximately 46% of the General Fund Budget Revenues. The assessment of all property located in the Town of Mint Hill is provided to us by Mecklenburg County. The assessed property value is projected at \$3,732,851,652. The General Fund tax rate remains at 25.5¢ per one hundred dollars (\$100) valuation of property with an average collection rate of 98%. Ad Valorem tax revenues (including prior year taxes to be collected) for the coming fiscal year are budgeted at \$9,380,000.

The State of North Carolina grants local governments the authority to levy a local sales tax of up to 2.5%, with the state sales tax. Mecklenburg County levies this tax with Mint Hill receiving sales tax revenues based on an Ad Valorem basis. The fiscal year 2021-2022 sales tax projection is \$2,200,000.

The Town has not annexed any industrial or residential areas that will significantly impact Franchise Tax revenue. This revenue source is expected to be \$1,200,000 for fiscal year 2021-2022.

State estimates report that the Powell Bill distribution will be lower for fiscal year 2021-2022. The total estimated Powell Bill Tax Revenues for the FY22 proposed budget is \$656,800.

The fiscal year 2021-2022 budgeted expenditures include funding for two additional sworn positions in the Police Department, three additional positions in the Fire Department and two additional positions in the Public Works Department. The budget also includes a 2% market rate cost of living adjustment for Town employees.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to Brian L. Welch, Town Manager at (704)545-9726, bwelch@admin.minthill.com.

TOWN OF MINT HILL, NORTH CAROLINA

Exhibit 1

*Statement of Net Position
June 30, 2021*

	<u>Primary Government Governmental Activities</u>	<u>Mint Hill Events, Inc.</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 8,615,163	\$ 85,753
Taxes receivable	149,065	-
Accounts receivable, net	2,020,800	8,855
Prepaid items	14,853	
Restricted cash and cash equivalents	967,215	-
Total current assets	<u>11,767,096</u>	<u>94,608</u>
Non-current assets:		
Capital assets (Note 3):		
Land, non-depreciable improvements, and construction in progress	5,726,796	-
Other capital assets, net of depreciation	69,705,682	1,898
Total capital assets	<u>75,432,478</u>	<u>1,898</u>
Total non-current assets	<u>75,432,478</u>	<u>1,898</u>
Total assets	<u>87,199,574</u>	<u>96,506</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	546,258	-
Contributions to pension plan in current fiscal year	551,644	-
Deferred outflows related to pensions - LEOSSA	533,481	-
Deferred outflows related to OPEB	1,119,851	-
Total deferred outflows of resources	<u>2,751,234</u>	<u>-</u>
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	209,021	-
Payable from restricted assets (Powell Bill)	203,748	-
Accrued interest payable	11,636	-
Current portion of long-term debt	997,545	-
Total current liabilities	<u>1,421,950</u>	<u>-</u>
Long-term liabilities:		
Due in more than one year	10,369,001	-
Total liabilities	<u>11,790,950</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions - LGERS	162,004	-
Deferred inflows related to pensions - LEOSSA	43,157	-
Deferred inflows related to OPEB	702,899	-
Total deferred inflows of resources	<u>908,060</u>	<u>-</u>
NET POSITION		
Net investment in capital assets	73,883,347	1,898
Restricted for:		
Stabilization by state statute	2,252,834	-
Streets - Powell Bill	695,500	-
Police - Drug forfeiture	142,921	-
Unrestricted	277,195	97,090
Total net position	<u>\$ 77,251,798</u>	<u>\$ 98,988</u>

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

TOWN OF MINT HILL, NORTH CAROLINA

Exhibit 2

Statement of Activities
For the Fiscal Year Ended June 30, 2021

		Program Revenues		Net (Expense) Revenues and Changes in Net Assets	Mint Hill Events, Inc.
		Operating Grants and Contributions	Capital Grants and Contributions	Primary Government Governmental Activities	
<u>Functions/Programs:</u>	<u>Expenses</u>				
Primary government:					
Governmental activities:					
General government	\$ 3,280,015	\$ -	\$ 13,188,000	\$ 9,907,985	
Public safety	8,376,113	596,103	4,694,045	(3,085,965)	
Transportation	2,903,008	697,433	-	(2,205,575)	
Environmental protection	2,804,530	359,963	-	(2,444,567)	
Culture and recreation	263,562	-	-	(263,562)	
Interest and other charges	47,274	-	-	(47,274)	
Total governmental activities and primary government	<u>\$ 17,674,502</u>	<u>\$ 1,653,499</u>	<u>\$ 17,882,045</u>	<u>\$ 1,861,042</u>	
Component Unit:					
Mint Hill Events, Inc.	<u>\$ 15,812</u>	<u>\$ 59,572</u>			<u>\$ 43,760</u>
General revenues:					
Taxes:					
Property taxes, levied for general purposes				9,349,545	-
Other taxes				4,672,164	-
Grants and contributions not restricted to specific programs				189,039	-
Unrestricted investment earnings				4,854	-
Event Income				-	-
Miscellaneous				818,797	-
Loss on disposal of assets				(14,796)	
Insurance recoveries				83,654	
Total general revenues				<u>15,103,257</u>	<u>-</u>
Change in net position				16,964,299	43,760
Net position, beginning				59,649,325	55,228
Restatement				638,174	-
Net position, beginning, restated				<u>60,287,499</u>	<u>55,228</u>
Net position, ending				<u>\$ 77,251,798</u>	<u>\$ 98,988</u>

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

TOWN OF MINT HILL, NORTH CAROLINA

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2021

	Major Funds		Total
	General	Storm Water	Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 8,003,670	\$ 611,493	\$ 8,615,163
Restricted cash and cash equivalents	967,215	-	967,215
Taxes receivable	149,065	-	149,065
Auto taxes and fees receivable	22,796	-	22,796
Accounts receivable (net)	7,381	-	7,381
Due from other funds	246,763	(246,763)	-
Prepaid items	14,853	-	14,853
Due from other governments	1,939,290	51,333	1,990,623
Total assets	<u>\$ 11,351,033</u>	<u>\$ 416,063</u>	<u>\$ 11,767,096</u>
LIABILITIES			
Accounts payable and accrued liabilities	\$ 208,145	\$ 876	\$ 209,021
Payable from restricted assets (Powell Bill)	203,748	-	203,748
Total liabilities	<u>411,893</u>	<u>876</u>	<u>412,769</u>
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	149,064	-	149,064
Total deferred inflows of resources	<u>149,064</u>	<u>-</u>	<u>149,064</u>
FUND BALANCES			
Restricted			
Stabilization by state statute	2,252,834	-	2,252,834
Streets - Powell Bill	695,500	-	695,500
Police - Drug forfeiture	142,921	-	142,921
Committed			-
Environmental projects	-	415,187	415,187
Tourism	219,934	-	219,934
Capital projects	-	-	-
Assigned			-
Subsequent year's expenditures	1,567,017	-	1,567,017
Police - Fundraiser	23,492	-	23,492
Unassigned	5,888,378	-	5,888,378
Total fund balances	<u>10,790,076</u>	<u>415,187</u>	<u>11,205,263</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 11,351,033</u>	<u>\$ 416,063</u>	<u>\$ 11,767,096</u>

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

TOWN OF MINT HILL, NORTH CAROLINA

*Exhibit 3,
Continued*

***Reconciliation of Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2021***

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

Total fund balance- governmental funds	\$	11,205,263
--	----	------------

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds.

Gross capital assets at historical cost	\$ 101,001,428	
Accumulated depreciation	<u>(25,568,950)</u>	75,432,478

Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	551,644
--	---------

Deferred outflows of resources related to pensions are not reported in the funds	1,079,739
---	-----------

Deferred outflows of resources related to OPEB are not reported in the funds	1,119,851
---	-----------

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	-
---	---

Liabilities for earned but deferred revenues in fund statements.	149,064
--	---------

Deferred inflows of resources related to pensions are not reported in the funds	(205,161)
--	-----------

Deferred inflows of resources related to OPEB are not reported in the funds	(702,899)
--	-----------

Some liabilities, including bonds payable, accrued interest, pension and other postemployment benefits, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(11,378,181)</u>
--	---------------------

Net position of governmental activities	<u><u>\$ 77,251,798</u></u>
--	------------------------------------

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

TOWN OF MINT HILL, NORTH CAROLINA

Exhibit 4

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2021**

	Major Funds		Total Governmental Funds	
	General	Storm Water		
REVENUES				
Ad valorem taxes	\$ 9,365,653	\$ -	\$	9,365,653
Other taxes	238,847	-		238,847
Unrestricted intergovernmental	4,145,840	-		4,145,840
Restricted intergovernmental	1,158,863	358,463		1,517,326
Investment earnings	3,397	1,457		4,854
Miscellaneous	1,513,632	1,500		1,515,132
Total revenues	<u>16,426,232</u>	<u>361,420</u>		<u>16,787,652</u>
EXPENDITURES				
Current:				
General government	3,255,180	322,932		3,578,112
Public safety	8,174,651	-		8,174,651
Transportation	2,329,329	-		2,329,329
Environmental protection	2,325,313	-		2,325,313
Culture and recreation	346,811	-		346,811
Storm water repairs	-	114,304		114,304
Debt Service:				
Principal retirement	798,803	-		798,803
Interest and other charges	71,826	-		71,826
Capital outlay	-	-		-
Total expenditures	<u>17,301,913</u>	<u>437,236</u>		<u>17,739,149</u>
Excess (deficiency) of revenues over expenditures	<u>(875,681)</u>	<u>(75,816)</u>		<u>(951,497)</u>
OTHER FINANCING SOURCES (USES)				
Installment purchase obligation issued	1,096,561	-		1,096,561
Transfers out	-	-		-
Total other financing sources (uses)	<u>1,096,561</u>	<u>-</u>		<u>1,096,561</u>
Net change in fund balance	220,880	(75,816)		145,064
Fund balance, beginning	9,959,136	462,889		10,422,025
Restatement	610,060	28,114		638,174
Fund balance, beginning, restated	<u>10,569,196</u>	<u>491,003</u>		<u>11,060,199</u>
Fund balance, ending	<u>\$ 10,790,076</u>	<u>\$ 415,187</u>	\$	<u>11,205,263</u>

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

***Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2021***

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

Net changes in fund balances - total governmental funds	\$	145,064
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay expenditures, which were capitalized	8,664,046	
Depreciation expense for government assets	(3,166,159)	
Loss on sale	<u>(14,796)</u>	5,483,091

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

Change in deferred revenues	<u>(16,108)</u>	13,171,892
-----------------------------	-----------------	------------

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. 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.

New long-term debt issued	(1,096,561)	
Principal payments on long-term debt	836,806	
Interest expense on long-term debt	<u>(13,447)</u>	(273,202)

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

Compensated absences	(66,387)	
Pension expense	(888,479)	
Other postemployment benefits	(445,773)	
Net pension obligation for LEOSSA	<u>(161,907)</u>	(1,562,546)
Total changes in net position of governmental activities		<u>\$ 16,964,299</u>

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

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	General Fund			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 6,200,000	\$ 9,130,000	\$ 9,365,653	\$ 235,653
Other taxes	180,000	215,000	238,847	23,847
Unrestricted intergovernmental	2,595,000	3,100,000	4,145,840	1,045,840
Restricted intergovernmental	852,850	2,921,552	1,158,863	(1,762,689)
Investment earnings	5,700	52,200	3,397	(48,803)
Miscellaneous	1,415,632	1,328,395	1,513,632	185,237
Total revenues	11,249,182	16,747,147	16,426,232	(320,915)
Expenditures:				
Current:				
General government	2,120,507	3,435,184	3,255,180	180,004
Public safety	5,477,001	9,402,529	8,174,651	1,227,878
Transportation	1,468,135	5,559,206	2,329,329	3,229,877
Environmental protection	2,040,000	2,361,440	2,325,313	36,127
Culture and recreation	386,984	392,958	346,811	46,147
Debt service:				
Principal retirement	522,580	851,625	798,803	52,822
Interest and other charges	105,081	692,245	71,826	620,419
Total expenditures	12,120,288	22,695,187	17,301,913	5,393,274
Revenues over (under) expenditures	(871,106)	(5,948,040)	(875,681)	5,072,359
Other financing uses:				
Installment purchase obligations issued	150,000	4,277,000	1,096,561	3,180,439
Total other financing sources	150,000	4,277,000	1,096,561	(3,180,439)
Fund balance appropriated	721,106	1,671,040	-	(1,671,040)
Net change in fund balance	\$ -	\$ -	220,880	\$ 220,880
Fund balance, beginning			9,959,136	
Restatement			610,060	
Fund balance, restated			10,569,196	
Fund balance, ending			\$ 10,790,076	

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

TOWN OF MINT HILL, NORTH CAROLINA

*Exhibit 6,
Continued*

***Annually Budgeted Major Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2021***

	Storm Water Fund			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Restricted intergovernmental	\$ 330,000	\$ 330,000	\$ 359,963	\$ 29,963
Investment earnings	2,000	5,000	1,457	(3,543)
Total revenues	<u>332,000</u>	<u>335,000</u>	<u>361,420</u>	<u>26,420</u>
Expenditures:				
Current:				
General government	278,980	387,757	322,932	64,825
Storm water repairs	<u>165,000</u>	<u>175,000</u>	<u>114,304</u>	<u>60,696</u>
Total expenditures	<u>443,980</u>	<u>562,757</u>	<u>437,236</u>	<u>125,521</u>
Revenues over (under) expenditures	<u>(111,980)</u>	<u>(227,757)</u>	<u>(75,816)</u>	<u>151,941</u>
Other financing sources (uses)				
Installment purchase obligation	-	-	-	-
Transfers to other funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance appropriated	<u>111,980</u>	<u>227,757</u>		
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	(75,816)	<u>\$ (99,101)</u>
Fund balance, beginning			462,889	
Restatement			<u>28,114</u>	
Fund balance, restated			<u>491,003</u>	
Fund balance, ending			<u>\$ 415,187</u>	

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

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Mint Hill 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 Mint Hill is a municipal corporation that is governed by an elected mayor and a four member council. The accompanying financial statements present the Town and its component unit, an entity for which the Town is financially accountable. The discretely presented component unit noted below is reported in a separate column in the Town's financial statements in order to emphasize that it is legally separate from the Town:

Mint Hill Events, Inc.

Although legally separate, Mint Hill Events, Inc. (Corporation), a component unit of the Town of Mint Hill is reported within these statements. The Corporation was formed on December 3, 2013 and applied for and received tax exempt status as a 501(c)(3) entity. The Town provides sponsorship to the Corporation to plan, stage and execute various authorized community events. Because the primary purpose of Mint Hill Events, Inc., which has a June 30 year-end, is to benefit the Town, it is presented as if it were a proprietary fund and has been discretely presented with those of the Town. Separate financial statements for Mint Hill Events, Inc. may be obtained from Town of Mint Hill, 4430 Mint Hill Village Lane, Mint Hill, NC 28227.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities. Governmental activities generally are financed through taxes, inter-governmental revenues, and other non-exchange transactions.

The statement of activities presents a comparison between direct expenses and program revenues 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. 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.

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The Town reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Town. The General Fund accounts for all financial resources except those that are required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and sanitation services.

Stormwater Special Revenue Fund. This fund receives stormwater fees from the county to be used for stormwater repairs and maintenance.

The Town also reports an **Agency Fund**. Agency funds are custodial in nature and do not involve the measurement of operating results. An agency fund is used to account for assets the Town holds on behalf of others. The Town maintains the Police Seized Cash Fund, which accounts for cash held on behalf of incarcerated persons until such time those persons are released from incarceration.

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

Amounts reported as program revenues include 1) charges to customers or applicants for 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.

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as 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 beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Mint Hill because the tax is levied by Mecklenburg County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are 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 and Special Revenue Fund. All annual appropriations lapse at the fiscal-year end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and project level for the multi-year funds. All amendments must be approved by the governing board. 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.

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool are measured at fair value. STIF investments are measured at fair value by the custodian using Level 2 inputs. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2021 of 1.3 years. Because the NCCMT Government has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months.

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

Powell Bill funds are classified as restricted because they represent balances available to be spent only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through G.S. 136-41.4. Police Drug Forfeiture Funds and Police Fundraiser Funds are classified as restricted because they represent balances available to be spent only for purposes designated by the Board from time to time.

Governmental Activities		
General Fund		
	Streets	\$ 899,218
	Police fund raiser	23,522
	Police drug forfeiture	44,445
Total restricted cash		<u>\$ 967,185</u>

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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 6th. These taxes are based on the assessed values as of January 1, 2020.

5. Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are as follows: land and right of way easements, \$10,000; buildings, improvements, substations, lines, and other plant and distribution systems, \$15,000; infrastructure, \$20,000; furniture and equipment, \$5,000; and vehicles, \$10,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets are recorded at their estimated fair value at the date of donation. The Town has elected not to report major general infrastructure assets retroactively in the Statement of Net position as permitted for Phase Three governments under Governmental Auditing Standards Board Statement 34. Thus, any amounts for infrastructure prior to July 1, 2003, are not reported as capital assets. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

Asset Class	Estimated Useful Lives
Infrastructure	30
Buildings	39
Improvements	15
Vehicles	3-7
Furniture and equipment	5-10
Computer equipment	3

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. Deferred 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 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 of Mint Hill has one item that meets this criterion, contributions made to the pension plan in the 2021 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 of Mint Hill has three items that meet the criterion for this category – prepaid taxes, property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68 and GASB Statement 73.

7. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Prepaid insurance costs are expensed over the life of the debt.

8. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to either thirty days or sixty days earned vacation leave with such leave being fully vested when earned. The number of days depends on whether the hire date was before or after April 12, 2007. For the Town's government-wide financial statements, 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 policy provides for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since the Town does not have any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

9. Net Position/Fund Balances

Net position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

TOWN OF MINT HILL, NORTH CAROLINA

***Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021***

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Balances – Continued

Restricted Fund Balance- Continued

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 Police Activities – a portion of fund balance that is restricted by revenue source for police fund raisers and drug forfeiture.

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Mint Hill'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.

Committed for Environmental Projects- portion of fund balance assigned by the Board for infrastructure and stormwater expenditures.

Committed for Tourism Projects- portion of fund balance assigned by the Board for tourism expenditures.

Committed for Capital Projects – portion of fund balance assigned by the Board for water sewer lines and town hall.

Assigned fund balance – portion of fund balance that the Town of Mint Hill 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; however, the budget ordinance authorizes the manager to modify the appropriation within funds as manager believes necessary.

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

For the purpose of fund balance classification, expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and, lastly, unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Town.

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

***Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021***

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Fund Balances – Continued

The Town of Mint Hill has adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that they maintain at least 40% of the previous year's General Fund's actual expenditures.

10. Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

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 Mint Hill's employer contributions are recognized when due and the Town of Mint Hill has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

NOTE 2- STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Significant Violations of Finance-Related Legal and Contractual Provisions

None

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 3- **DETAIL NOTES ON ALL FUNDS**

A. **ASSETS**

1. Deposits

All the deposits of 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 agent 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 name. 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 collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. At June 30, 2021, the Town's deposits had a carrying amount of \$5,429,491 and a bank balance of \$5,613,127. Of the bank balance, \$765,980 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2021, the Town's petty cash fund totaled \$130.

2. Investments

At June 30, 2021 the Town of Mint Hill had \$3,986,498 invested with the North Carolina Capital Management Trust's Government Portfolio which carried a credit rating of AAAM by Standard and Poor's. The Town has no policy regarding credit risk.

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

Interest Rate Risk: The Town does not have a formal investment policy regarding interest rate risk. The Finance Director has authority to use the Government investment portfolios.

TOWN OF MINT HILL, NORTH CAROLINA

***Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021***

NOTE 3- DETAIL NOTES ON ALL FUNDS - Continued

A. ASSETS

2. Investments - continued

Credit Risk: The Town does not have a formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to the provisions of G.S 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2021. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3- DETAIL NOTES ON ALL FUNDS – Continued

A. ASSETS

3. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2021, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,463,740	\$ 1,263,056	\$ -	\$ 5,726,796
Construction in progress	1,460,995	-	1,460,995	-
Total capital assets not being depreciated	5,924,735	1,263,056	1,460,995	5,726,796
Governmental activities:				
Capital assets being depreciated:				
Buildings	8,932,458	2,555,400	-	11,487,858
Land improvements	3,893,314	823,722	-	4,717,036
Transportation equipment	5,154,335	2,763,398	210,362	7,707,371
General equipment	1,539,187	399,667	136,168	1,802,685
Police equipment	1,072,710	277,825	-	1,350,535
Recreation equipment	738,645	-	-	738,645
Infrastructure	52,240,528	15,229,973	-	67,470,501
Total capital assets being depreciated	73,571,177	22,049,985	346,530	95,274,631
Less accumulated depreciation for:				
Buildings	2,471,338	287,436	-	2,758,774
Land improvements	2,099,398	186,582	-	2,285,980
Transportation equipment	3,533,153	598,166	205,219	3,926,100
General equipment	1,355,739	91,144	126,515	1,320,368
Police equipment	583,911	143,657	-	727,568
Recreation equipment	414,624	30,103	-	444,727
Infrastructure	12,276,363	1,829,069	-	14,105,432
Total accumulated depreciation	22,734,526	3,166,158	331,734	25,568,950
Total capital assets being depreciated, net	50,836,651			69,705,682
Governmental activity capital assets, net	\$ 56,761,386			\$ 75,432,478

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

General government	\$ 241,826
Public safety	817,512
Transportation	1,983,537
Culture and recreation	123,284
	<u>\$ 3,166,159</u>

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 3- **DETAIL NOTES ON ALL FUNDS – Continued**

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Mint Hill 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 Government Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410 or by calling (919) 981-5454, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of 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.

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 3 - **DETAIL NOTES ON ALL FUNDS** – Continued

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

LGERS plan members who are LEOs are eligible to retire with full retirement benefits at age 55 with five years of creditable service as an officer, or at any age with 30 years of creditable service. LEO plan members are eligible to retire with partial retirement benefits at age 50 with 15 years of creditable service as an officer. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of 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 return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Mint Hill 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 Mint Hill's contractually required contribution rate for the year ended June 30, 2021 was 10.84% of compensation for law enforcement officers and 10.19% 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 Mint Hill were \$551,644 for the year ended June 30, 2021.

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

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

At June 30, 2021, the Town reported a liability of \$2,962,013 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing updated procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset 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, 2020, the Town's proportion was 0.08289%, which was a decrease of 0.00090% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the Town recognized pension expense of \$975,070. At June 30, 2021, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 374,050	\$ -
Changes of assumptions	220,432	-
Net difference between projected and actual earnings on pension plan investments	416,824	-
Changes in proportion and differences between Town of Mint Hill contributions and proportionate share of contributions	-	162,004
Town of Mint Hill contributions subsequent to the measurement date	551,644	-
Total	<u>\$ 1,562,950</u>	<u>\$ 162,004</u>

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

\$551,644 reported as deferred outflows of resources related to pensions resulting from Town of Mint Hill contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2022	\$ 212,285
2023	330,135
2024	183,525
2025	123,359
2026	-
Thereafter	-
	<u><u>\$ 849,304</u></u>

Actuarial Assumptions. The total pension liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Discount rate	2.98 percent

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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, 2020 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2019 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3 - **DETAIL NOTES ON ALL FUNDS – Continued**

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

Sensitivity of the Town of Mint Hill's share of the net pension asset to changes in the discount rate. The following presents the Town of Mint Hill's proportionate share of the net pension asset calculated using the discount rate of 7.00 percent, as well as what the Town of Mint Hill's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 percent) or one percentage point higher (8.00 percent) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 6,009,601	\$ 2,962,013	\$ 429,252

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

2. Law Enforcement Officers Special Separation Allowance

a. *Plan Description*

The Town 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 .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service.

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3- **DETAIL NOTES ON ALL FUNDS – Continued**

B. LIABILITIES

2. Law Enforcement Officers Special Separation Allowance

a. *Plan Description – continued*

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 the F.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Category	Number
Inactive Members Currently Receiving Benefits	-
Active Plan Members	34
Total	34

b. *Summary of Significant Accounting Policies:*

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

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

c. *Actuarial Assumptions*

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

Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	1.93%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2019.

Mortality rates use Pub-2010 amount-weighted tables and are projected from 2010 using generational improvement with Scale MP-2019.

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3- **DETAIL NOTES ON ALL FUNDS – Continued**

A. LIABILITIES

1. Law Enforcement Officers Special Separation Allowance – continued

d. *Contributions*

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. 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. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid no benefits for the reporting period.

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

At June 30, 2021, the Town reported a total pension liability of \$1,297,791. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$161,907. The following table provides a summary of the deferred outflows of resources and deferred inflows of resources as of December 31, 2020 (Measurement Date).

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 131,753	\$ 22,470
Changes of assumptions and other inputs	401,728	20,687
Benefit payments and administrative expenses	-	-
subsequent to the measurement date	-	-
Total	<u>\$ 533,481</u>	<u>\$ 43,157</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30:		
2022	\$ 97,217	\$ 14,265
2023	97,217	14,265
2024	96,313	11,530
2025	88,114	3,097
2026	79,261	-
Thereafter	75,359	-
	<u>\$ 533,481</u>	<u>\$ 43,157</u>

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3- **DETAIL NOTES ON ALL FUNDS – Continued**

B. LIABILITIES

2. Law Enforcement Officers Special Separation Allowance – continued

Sensitivity of the Town's total pension liability in changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (.93 percent) or 1 percentage point higher (2.93 percent) than the current rate:

	1% Decrease (.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total Pension Liability	\$ 1,429,574	\$ 1,297,791	\$ 1,177,492

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

	2021
Beginning balance	\$ 686,757
Service Cost	56,567
Interest on the total pension liability	22,388
Changes of benefit terms	-
Differences between expected and actual experience	105,448
Changes of assumptions or other inputs	426,631
Net Changes	611,034
Ending balance of the total pension liability	<u><u>\$ 1,297,791</u></u>

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the Local Governmental Employees' Retirement System for the five year period ending December 31, 2019.

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 3- **DETAIL NOTES ON ALL FUNDS – Continued**

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

Following is information related to the proportionate share and pension expense for all pension plans:

	LGERS	LEOSSA	Total
Pension Expense	\$ 975,070	\$ 161,907	\$ 1,136,977
Pension Liability	2,962,013	1,297,791	4,259,804
Proportionate share of the net pension liability	0.08289%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	374,050	131,753	505,803
Changes of Assumptions	220,432	401,728	622,160
Net difference between projected and actual earnings on plan investments	416,824	-	416,824
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	551,644	-	551,644
Deferred Inflows of Resources			
Differences between expected and actual experience	-	22,470	22,470
Changes of Assumptions	-	20,687	20,687
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	162,004	-	162,004

Supplemental Retirement Income Plan

Plan Description. The Town of Mint Hill contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and Board of Trustees. The Plan provides retirement benefits to law enforcement officers and other full-time Town employees. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is included in the Annual Comprehensive Annual Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. 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.

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 3- **DETAIL NOTES ON ALL FUNDS – Continued**

1. Supplemental Retirement Income Plan - Continued

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each law enforcement officer's salary, and all amounts contributed are vested immediately. The Town has elected to contribute five percent of all full-time Town employees' salary. Also, the law enforcement officers and other full-time Town employees may make voluntary contributions to the plan. Contributions by the Town for the year ended June 30, 2021 and 2020, were \$258,489 and \$251,220, respectively.

2. Other Postemployment Benefits

a. Healthcare Benefits

Plan Description. According to a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town provides post-employment health care benefits to retirees of the Town, provided they participate in the North Carolina Local Government Employees' Retirement System and have completed at least ten years of creditable service, of which five must be with the Town, and are eligible to participate in the Town's Health Insurance Plan. The Town will contribute to the cost of retiree health insurance premiums based on a percentage depending on the number of years of service with the Town. A separate report was not issued for the plan.

Membership of the HCB Plan consisted of the following at December 31, 2020, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits.	4	-
Terminated plan members entitled to but not yet receiving benefits.	-	-
Active plan members.	60	34
Total	64	34

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3- **DETAIL NOTES ON ALL FUNDS – Continued**

4. Other Postemployment Benefits - continued

a. Healthcare Benefits - continued

Benefits Provided. Employees who retire under the North Carolina Local Governmental Retirement System (NCLGRS) and have completed at least ten years of creditable service, of which five must be with the Town, are eligible to participate in the Town's Health insurance Plan.

The Town will contribute to the cost of retiree health insurance premiums based on the following:

Years of Service with the Town	Percent of Premiums Paid by the Town
Less than 5	Not eligible
5-10	20%
10-20	25%
20-24	50%
25	75%
26	80%
27	85%
28	90%
29	95%
30 or more	100%

At age 65, Medicare supplement and Part D premiums will be shared as shown above. Additionally, for those employees retiring prior to July 1, 2004 only, the Town will reimburse a percentage of the retiree's Medicare Part B premium in the same manner as the Medicare supplement premium based on the percentages listed above and the standard monthly Part B premium.

Healthcare and prescription drugs are provided in the Town's retiree healthcare plan.

The retiree may continue dependent coverage by paying the full premium amount. Dependent coverage ends upon the retiree or dependent becoming eligible for Medicare or upon the death of the retiree, whichever comes first.

For the fiscal year ended June 30, 2021, the Town made payments for post-employment health benefit premiums of \$12,931. The Town's obligation to contribute to HCB Plan is established and may be amended by the Board of Commissioners.

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3- **DETAIL NOTES ON ALL FUNDS – Continued**

4. Other Postemployment Benefits - continued

a. Healthcare Benefits - continued

Summary of Significant Accounting Policies. Postemployment expenditures are made from the General Fund, which is maintained on the modified accrual basis of accounting. No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

Total OPEB Liability

The Town's total OPEB liability of \$4,765,016 was measured as of June 30, 2020 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability was determined using the following key actuarial assumptions and other inputs:

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation:	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3.50% - 7.35%
Municipal Bond Index Rate:	
Prior Measurement Date	3.50%
Measurement Date	2.21%
Healthcare cost trend rates:	
Pre-Medicare Medical and Prescription Drug	7.00% for 2019 decreasing to an ultimate rate of 4.50% by 2026
Medicare Medical and Prescription Drug	5.00% for 2019 decreasing to an ultimate rate of 4.50% by 2021

Discount rates for financial accounting purposes are determined based on the methods prescribed by GASB accounting rules.

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3- DETAIL NOTES ON ALL FUNDS – Continued

1. Other Postemployment Benefits - continued

a. Healthcare Benefits – continued

Total OPEB Liability – continued

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability as of June 30, 2019	\$ 3,110,157
Changes for the year	
Service cost	316,146
Interest on Total OPEB liability and Cash Flows	119,696
Changes of benefit terms	-
Differences between expected and actual experience	2,629
Changes in assumptions or other inputs	1,229,319
Benefit Payments	(12,931)
Net changes	<u>1,654,859</u>
Total OPEB Liability as of June 30, 2020	<u><u>\$ 4,765,016</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.50% to 2.21%.

Mortality rates were based on the RP-2014 mortality tables, with adjustments for LGERS experience and generational mortality improvements using Scale MP-2015.

The demographic actuarial assumptions for retirement, disability incidence withdrawal and salary increases used in the June 30, 2019 valuation were based on the results of an actuarial experience study for the period January 2010 – December 2014 adopted by the LGERS Board.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 valuation.

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3- **DETAIL NOTES ON ALL FUNDS – Continued**

4. Other Postemployment Benefits - continued

a. Healthcare Benefits – continued

Total OPEB Liability – continued

Changes in the Total OPEB Liability - continued

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.21 percent) or 1-percentage-point higher (3.21percent) than the current rate:

Discount Rate Sensitivity			
	1%	Discount	1%
	Decrease	Rate	Increase
	(1.21%)	(2.21%)	(3.21%)
Total OPEB Liability	\$ 6,117,654	\$ 4,765,016	\$ 3,772,708

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

Healthcare Cost Trend Rate Sensitivity			
	1%		1%
	Decrease	Current	Increase
Total OPEB Liability	\$ 3,542,860	\$ 4,765,016	\$ 6,539,818

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3- **DETAIL NOTES ON ALL FUNDS – Continued**

4. Other Postemployment Benefits - continued

a. Healthcare Benefits – continued

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

For the year ended June 30, 2021, the Town recognized OPEB expense of \$458,704. At June 30, 2021, the Town reported deferred outflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 2,390	\$ 227,909
Changes of assumptions or other inputs	1,117,461	474,990
	<u>\$ 1,119,851</u>	<u>\$ 702,899</u>

Amounts reported as Deferred Outflows of Resources and Deferred Inflows of Resources related to OPEB benefits were/will be recognized in OPEB Expense as follows:

Fiscal Year Ending June 30:		
2022	\$	22,862
2023	\$	22,862
2024	\$	22,862
2025	\$	22,862
2026	\$	22,862
Therafter		<u>302,642</u>
	\$	<u>416,952</u>

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3- **DETAIL NOTES ON ALL FUNDS – Continued**

4. Other Postemployment Benefits - continued

b. Other Employment Benefits

The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Government Employees' Retirement System (Death Benefit Plan), a multiple employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's 12 highest month's salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed \$50,000 or be less than \$25,000.

All death benefit payments are made from the Death Benefit Plan. 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. The Town considers these contributions to be immaterial.

5. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources. Deferred outflows of resources is comprised of the following:

Source	Amount
<i>Local Government Employees Retirement Plan:</i>	
Contributions to pension plan in current fiscal year	\$ 551,644
Differences between expected and actual experience	374,050
Changes of assumptions	220,432
Net difference between projected and actual	416,824
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
<i>Law Enforcement Officers' Special Separation Allowance:</i>	
Benefit payments made and administrative expenses for LOESSA	-
Differences between expected and actual experience	131,753
Changes of assumptions	401,728
	<u>\$ 2,096,431</u>

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 3- **DETAIL NOTES ON ALL FUNDS – Continued**

C. Deferred Outflows and Inflows of Resources

Deferred inflows of resources is comprised of the following:

Source	Statement of Net Position	General Fund Balance Sheet
Property taxes receivable (General Fund)	\$ -	\$ 149,065
<i>Local Government Employees Retirement Plan:</i>		
Differences between expected and actual experience	-	
Changes in proportion and differences between employer contributions and proportionate share of contributions	162,004	
<i>Law Enforcement Officers' Special Separation Allowance:</i>		
Benefit payments made and administrative expenses for LOESSA	-	
Differences between expected and actual experience	22,470	
Changes of assumptions	20,687	
	<u>\$ 205,161</u>	<u>\$ 149,065</u>

D. 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 disaster. 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 statutory limits, and employee health coverage of up to a \$2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of \$500,000 and \$300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of \$150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. 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 flood insurance with a \$5 million aggregate limit. The Town, based on prior year's experience, feels that their insurance coverage is adequate for their entity.

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 3- **DETAIL NOTES ON ALL FUNDS - Continued**

D. Risk Management - Continued:

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 \$50,000, whereas the treasurer is bonded for \$10,000. The remaining employees that have access to funds are bonded under a blanket bond for \$10,000.

E. Long Term Obligations

Installment purchases payable at June 30, 2021 are comprised of the following individual issues:

\$458,155- payable in annual installments of principal	125,814
and interest at 1.18% until September 2021, secured by vehicles and equipment	
\$803,048 - payable in annual installments of principal	494,373
and interest at 2.33% until September 2023 secured by fire truck	
\$736,041 - payable in monthly installments of principal	644,593
and interest at 2.783% until June 2025 secured by fire station	
\$360,521 - payable in 3 annual installments of principal	188,840
and interest at 2.783% until June 2023 secured by vehicles and equipment	
Total installment purchase payments	<u>1,609,561</u>
Less: Amount representing interest	(60,431)
	<u><u>\$ 1,549,131</u></u>

The future minimum principal and interest payments for the Town's installment purchase agreements as of June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2022	\$ 772,391	\$ 33,957	\$ 806,348
2023	322,366	16,334	\$ 338,700
2024	298,335	8,521	306,856
2025	156,039	1,618	157,657
	<u>\$ 1,549,131</u>	<u>\$ 60,431</u>	<u>\$ 1,609,561</u>

E. Legal Debt Margin

At June 30, 2021, the Town of Mint Hill had a legal debt margin of \$292,722,835.

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021*

NOTE 3- **DETAIL NOTES ON ALL FUNDS – Continued**

F. Changes in Long-Term Liabilities

	Balance			Balance	Current
Governmental Activities:	July 01, 2020	Increases	Decreases	June 30, 2021	Portion Balance
Compensated absences	\$ 726,208	\$ 66,387	\$ -	\$ 792,595	\$237,779
Installment purchase	1,275,554	1,096,561	822,984	1,549,131	759,765
Other post-employment benefits	3,110,157	1,667,790	12,931	4,765,016	-
Net pension liability (LGERS)	2,288,240	673,773	-	2,962,013	-
LEO Pension liability	686,757	611,034	-	1,297,791	-
	<u>\$ 8,086,916</u>	<u>\$4,115,545</u>	<u>\$ 835,915</u>	<u>\$11,366,545</u>	<u>\$997,545</u>

Compensated absences typically have been liquidated in the General Fund.

G. Deferred Compensation

The Town has established a deferred compensation program. This program allows each employee the option to defer savings on a pre-tax basis. The Town has chosen not to contribute to this program. Thus, the plan asset values are exclusive employee contributions. According to the unaudited, Nationwide Retirement Solutions insurance report, as of June 30, 2021, the plan asset value was \$53,829.

H. Commitments

Interfund Balances and Activity

Balances due to/from other funds at June 30, 2021, consist of the following:

	Receivable	Payable
General Fund	\$ 246,763	\$ -
Stormwater Fund	\$ -	\$ 246,763

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made. Balances represent payroll and land use and environmental service fees paid by the General Fund related to Storm Water. These expenditures are reimbursed to the General Fund in the subsequent fiscal year.

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2021

NOTE 3- **DETAIL NOTES ON ALL FUNDS – Continued**

I. 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	\$ 10,790,076
Less:	
Stabilization by state statute	2,252,834
Streets - Powell Bill	695,500
Police - Drug forfeiture	142,921
Police - Fundraiser	23,492
Committed for Tourism	219,934
Appropriated Fund Balance in 2021 Budget	1,567,017
Unassigned	5,888,378

Encumbrances at year end were \$21,750.

J. On-Behalf Payments for Fringe Benefits and Salaries

The Town of Mint Hill recognizes no on-behalf payments for pension contributions made by the State for volunteer firefighters and emergency medical personnel and employed firefighters and emergency medical personnel who perform firefighting and emergency medical duties for the Town. These payments are made by Mint Hill Volunteer Fire Department and Emergency Ambulance Service through their restricted relief fund.

NOTE 3- **JOINTLY GOVERNED ORGANIZATION**

The Centralina Council of Governments (Council) was formed in 1968. Funding comes from member dues, state and federal grants, and fees for services. Each participating government appoints one member to the Council's governing board. The Town paid membership fees of \$6,605 to the Council during the fiscal year ended June 30, 2021.

NOTE 4- **SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

Federal and State Assisted Programs

The Town has received proceeds from several federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant monies to the grantor agencies. Management believes that any required refunds would be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

***Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2021***

NOTE 5- RESTATEMENTS

Prior Period Adjustment

During the fiscal year ended June 30, 2021, the Town determined that certain unrestricted intergovernmental revenues that were subject to accrual in the General Fund and the Storm Water Fund as of June 30, 2020 had been omitted. Therefore, an adjustment to beginning net position and fund balance has been recorded to account for those accruals, the net effect of which increased beginning fund balance by \$610,060 in the General Fund, \$28,114 in the Storm Water Fund and beginning net position by \$638,174.

NOTE 6- DATE OF MANagements' REVIEW

In preparing the financial statements, the Town of Mint Hill has evaluated events and transactions for potential recognition or disclosure through January 7, 2022, the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.
--

- Law Enforcement Officers' Special Separation Allowance –
Schedule of Changes in Total Pension Liability
- Law Enforcement Officers' Special Separation Allowance –
Schedule of Total Pension Liability as a Percentage of Covered Payroll
- Other Post-Employment Benefits -
Schedule of Changes in the total OPEB Liability and Related Ratios
- Town of Mint Hill's Proportionate Share of Net Pension Liability (Asset).
- Town of Mint Hill's Contributions to the Local Government Employees' Retirement System.

TOWN OF MINT HILL, NORTH CAROLINA

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

June 30, 2021

	2021	2020	2019	2018	2017
Beginning Balance	\$ 686,757	\$ 587,250	\$ 495,902	\$ 451,373	\$ 411,137
Service Cost	56,567	41,942	43,638	36,719	40,321
Interest on the total pension liability	22,388	21,376	15,671	17,423	14,678
Changes of benefit terms		-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	105,448	10,787	61,290	(53,894)	-
Changes of assumptions or other inputs	426,631	25,402	(29,251)	44,281	(14,763)
Benefit payments		-	-	-	-
Other changes		-	-	-	-
Ending balance of the total pension liability	\$ 1,297,791	\$ 686,757	\$ 587,250	\$ 495,902	\$ 451,373

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

TOWN OF MINT HILL, NORTH CAROLINA

***Law Enforcement Officers' Special Separation Allowance
Schedule of Total Pension Liability as a Percentage of Covered Payroll***

June 30, 2021

	2021	2020	2019	2018	2017
Total pension liability	\$ 1,297,791	\$ 686,757	\$ 587,250	\$ 495,902	\$ 451,373
Covered payroll	2,145,277	1,745,308	1,736,083	1,621,520	1,721,602
Total pension liability as a percentage of covered employee payroll	60.50%	39.35%	33.83%	30.58%	26.22%

Notes to the schedules:

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

TOWN OF MINT HILL, NORTH CAROLINA

Other Post-Employment Benefits
Schedule of Changes in the Total OPEB Liability and Related Ratios
Required Supplementary Information

June 30, 2021

	2021	2020	2019	2018	2017
Beginning Balance	\$ 686,757	\$ 587,250	\$ 495,902	\$ 451,373	\$ 411,137
Service Cost	56,567	41,942	43,638	36,719	40,321
Interest on the total pension liability	22,388	21,376	15,671	17,423	14,678
Changes of benefit terms		-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	105,448	10,787	61,290	(53,894)	-
Changes of assumptions or other inputs	426,631	25,402	(29,251)	44,281	(14,763)
Benefit payments		-	-	-	-
Other changes		-	-	-	-
Ending balance of the total pension liability	\$ 1,297,791	\$ 686,757	\$ 587,250	\$ 495,902	\$ 451,373

The amounts presented for each fiscal year were determined as of the prior fiscal year ending December 31.

TOWN OF MINT HILL, NORTH CAROLINA

Town of Mint Hill's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Eight Fiscal Years*

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017
Town of Mint Hill's proportion of the net pension liability (asset) (%)	0.08289%	0.08379%	0.08517%	0.08258%	0.09019%
Town of Mint Hill's proportion of the net pension liability (asset) (\$)	\$ 2,962,013	\$ 2,288,420	\$ 2,020,524	\$ 1,261,596	\$ 1,914,136
Town of Mint Hill's covered-employee payroll	\$ 5,004,167	\$ 4,944,397	\$ 4,444,307	\$ 4,361,654	\$ 3,958,123
Town of Mint Hill's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	59.19%	46.28%	45.46%	28.92%	48.36%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	99.07%

* 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.

2016	2015	2014
0.08116%	0.08710%	0.08630%
\$ 364,242	\$ (513,669)	\$ 1,040,246
\$ 3,783,150	\$ 3,314,581	\$ 3,151,773
9.63%	(15.50%)	33.01%
102.64%	94.35%	96.45%

TOWN OF MINT HILL, NORTH CAROLINA

***Town of Mint Hill's Contributions
Required Supplementary Information
Last Eight Fiscal Years***

Local Government Employees' Retirement System

	2021	2020	2019	2018	2017
Contractually required contribution	\$ 551,644	\$ 465,048	\$ 398,633	\$ 337,544	\$ 329,514
Contributions in relation to the contractually required contribution	551,644	465,048	398,633	337,544	329,514
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -
Town of Mint Hill's covered-employee payroll	\$ 5,267,847	\$ 5,004,167	\$ 4,944,397	\$ 4,444,307	\$ 4,361,654
Contributions as a percentage of covered-employee payroll	10.47%	9.29%	8.06%	7.59%	7.55%

2016	2015	2014
\$ 272,288	\$ 271,616	\$ 237,480
272,288	271,616	237,480
\$ -	\$ -	\$ -
\$ 3,958,123	\$ 3,783,150	\$ 3,314,581
6.88%	7.18%	7.16%

SUPPLEMENTAL SCHEDULES

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 1

Page 1 of 3

General Fund

*Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2021*

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	\$ -	\$ 9,349,909	\$ -
Interest and penalties		15,744	
	<u>9,130,000</u>	<u>9,365,653</u>	<u>235,653</u>
Other taxes:			
Motor vehicle fees	<u>215,000</u>	<u>238,847</u>	<u>23,847</u>
Unrestricted intergovernmental:			
Beer and wine tax		115,915	
Utility franchise tax		1,258,433	
ABC profit distribution		124,841	
Local option sales taxes		2,646,651	
Total	<u>3,100,000</u>	<u>4,145,840</u>	<u>1,045,840</u>
Restricted intergovernmental			
Powell Bill allocation		684,848	
Solid Waste Fee		15,624	
Tourism tax		271,852	
Interlocal CARES grant		186,539	
Federal and state grants		0	
Total	<u>2,921,552</u>	<u>1,158,863</u>	<u>(1,762,689)</u>
Investment earnings	<u>52,200</u>	<u>3,397</u>	<u>(48,803)</u>
Arts and sciences local grant		2,500	
Miscellaneous		1,427,478	
Sale of equipment		83,654	
Total	<u>1,328,395</u>	<u>1,513,632</u>	<u>185,237</u>
Total revenues	<u>16,747,147</u>	<u>16,426,232</u>	<u>(320,915)</u>

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 1

Page 2 of 3

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Administration:			
Salaries and employee benefits	\$ -	\$ 1,198,939	\$ -
Other operating expenditures		93,001	
Total administration	1,399,484	1,291,940	107,544
Non-Departmental:			
Professional services		215,625	
Town hall maintenance		70,930	
Donations		5,000	
Other operating expenditures		705,629	
Capital outlay		966,056	
Total non-departmental	2,035,700	1,963,240	72,460
Total general government	3,435,184	3,255,180	180,004
Public Safety:			
Police:			
Salaries and employee benefits		3,452,978	
Professional services		19,766	
Vehicle maintenance		143,192	
Other operating expenditures		615,764	
Capital outlay		631,153	
Total police	5,706,237	4,862,853	843,384
Fire:			
Salaries and employee benefits		1,844,912	
Other operating expenditures		657,158	
Capital outlay		809,728	
Total fire	3,696,292	3,311,798	384,494
Total public safety	9,402,529	8,174,651	1,227,878

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 1
Page 3 of 3

General Fund

*Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2021*

	Budget	Actual	Variance Positive (Negative)
Transportation:			
Streets and highways:			
Salaries and employee benefits	\$ -	\$ 528,118	\$ -
Street maintenance		1,306,750	
Other operating expenditures		258,118	
Capital outlay		236,343	
Total transportation	5,559,206	2,329,329	3,229,877
Environmental protection:			
Solid waste			
Contracted services		1,959,562	
Landfill fees		365,751	
Total environmental protection	2,361,440	2,325,313	36,127
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits		67,631	
Other operating expenses		200,502	
Capital outlay		78,678	
Total culture and recreation	392,958	346,811	46,147
Debt Service:			
Principal retirement		798,803	
Interest and other charges		71,826	
Total debt service	1,543,870	870,629	673,241
Total expenditures	22,695,187	17,301,913	5,393,274
Revenues over (under) expenditures	(5,948,040)	(875,681)	5,072,359
Other financing sources (uses):			
Installment purchase obligations issued		1,096,561	
Total other financing uses	4,277,000	1,096,561	(3,180,439)
Fund balance appropriated	1,671,040	-	(1,671,040)
Net change in fund balance	\$ -	220,880	\$ 220,880
Fund balance, beginning		9,959,136	
Restatement		610,060	
Fund balance, beginning, restated		10,569,196	
Fund balance, ending		\$ 10,790,076	

Stormwater Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2021

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Storm water fees collected	\$ -	\$ 358,463	\$ -
Miscellaneous revenue		1,500	
Investment earnings		1,457	
Total revenues	335,000	361,420	26,420
Expenditures:			
Administrative costs		322,932	
Storm water repairs		114,304	
Capital outlay		-	-
Total expenditures	562,757	437,236	(125,521)
Revenues over (under) expenditures	(227,757)	(75,816)	151,941
Other financing sources (uses):			
Installment purchase obligations issued	227,757		227,757
Transfers to General Fund	-		-
Total other financing sources (uses)	227,757	-	227,757
Net change in fund balance	\$ -	(75,816)	\$ (75,816)
Fund balance, beginning		462,889	
Restatement		28,114	
Fund balance, restated		491,003	

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 3

Police Seized Cash Agency Fund
Statement of Changes in Assets and Liabilities
For the Fiscal Year Ended June 30, 2021

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Assets:				
Cash and cash equivalents	<u>\$ 90,064</u>	<u>\$ 8,228</u>	<u>\$ -</u>	<u>\$ 98,292</u>
Liabilities:				
Seized funds payable	<u>\$ 90,064</u>	<u>\$ 8,228</u>	<u>\$ -</u>	<u>98,292</u>

OTHER SCHEDULES

This section contains additional information required on property taxes.
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- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Schedule of Ten Largest Taxpayers

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 4

*Schedule of Ad Valorem Taxes Receivable
June 30, 2021*

	Uncollected Balance June 30, 2020	Additions	Collections and Credits	Uncollected Balance June 30, 2021
2020 -2021	\$ -	\$ 9,330,540	\$ 9,262,825	67,716
2019 - 2020	81,449		46,750	34,699
2018 - 2019	16,110		4,356	11,754
2017 - 2018	11,033		3,414	7,619
2016 - 2017	8,536		1,576	6,960
2015 - 2016	5,496		833	4,663
2014 - 2015	6,731		999	5,732
2013 - 2014	12,182		7,028	5,154
2012 - 2013	13,377		8,609	4,768
2011 - 2012	10,259		10,259	-
	<u>\$ 165,173</u>	<u>\$ 9,330,540</u>	<u>\$ 9,346,649</u>	<u>\$ 149,064.72</u>

Reconcilement with revenues:

Ad Valorem Taxes - General Fund	\$ 9,365,653
Reconciling items:	
Interest and penalties collected	(15,744)
Miscellaneous other credits	(7,852)
10 year write off	4,592
Total collections and credits	<u>\$ 9,346,649</u>

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 5

Page 1 of 2

*Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2021*

	Town-wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 3,339,636,043	0.255	\$ 8,516,072	\$ 8,516,072	\$ -
Motor vehicles taxed at current year's rate	<u>308,842,808</u>	0.255	<u>787,549</u>	<u>-</u>	<u>787,549</u>
Total	3,648,478,851		9,303,621	8,516,072	787,549
Discoveries:					
Current year taxes	21,178,157	0.255	54,004	54,004	-
Abatements					
Total property valuation	<u>(10,621,569)</u>	0.255	<u>(27,085)</u>	<u>(27,085)</u>	<u>-</u>
Total property valuation	<u><u>\$ 3,659,035,439</u></u>				
Net levy			9,330,540	8,542,991	787,549
Less, uncollected tax at June 30, 2019			<u>67,716</u>	<u>67,716</u>	<u>-</u>
Current year's taxes collected			<u>\$ 9,262,825</u>	<u>\$ 8,475,275</u>	<u>\$ 787,549</u>
Current levy collection percentage			<u>99.27%</u>	<u>99.21%</u>	<u>100.00%</u>

TOWN OF MINT HILL, NORTH CAROLINA

*Schedule 5
Page 2 of 2*

*Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2021*

Assessed Valuation:

Assessment ratio	100%
Real property	\$ 3,350,192,631
Personal property	<u>308,842,808</u>

Total assessed valuation at 0.255 rate	\$ 3,659,035,439
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Tax rate per \$100	<u>0.255</u>
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Total levy (includes discoveries, releases and abatements)	<u><u>\$ 9,330,540</u></u>
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TOWN OF MINT HILL, NORTH CAROLINA*Schedule 6****Schedule of Ten Largest Taxpayers
For the Fiscal Year Ended June 30, 2021***

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Duke Energy Carolinas, LLC	Utilities	\$ 16,610,110	0.45%
Cellco Partnership dba Verizon Wireless	Cellular Service	\$ 5,332,212	0.15%
Piedmont Natural Gas Co, Inc.	Utilities	\$ 3,589,760	0.10%
BellSouth Tel Co, LLC dba AT&T NC	Cellular Service	\$ 3,304,039	0.09%
AT&T Mobility, LLC	Cellular Service	\$ 3,227,717	0.09%
Union EMC	Utility Cooperative	\$ 1,818,861	0.05%
MCI Metro Access Trans Serv Inc.	Automotive Repair	\$ 1,750,302	0.05%
Spectrum Advanced Services, LLC	Telecommunications	\$ 986,717	0.03%
Sprint dbs T-Mobile South, LLC	Cellular Service	\$ 449,029	0.01%
American Tower Corporation	Wireless Communication	\$ 403,221	0.01%

COMPLIANCE SECTION

ANN R. CRAVEN, CPA, PLLC
1100 REVOLUTION MILL DRIVE, STUDIO 2
GREENSBORO, NORTH CAROLINA 27405
(336) 632-0060

**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***

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Board of Commissioners
Town of Mint Hill, 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 accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mint Hill, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Mint Hill's basic financial statements, and have issued our report thereon, dated January 7, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Mint Hill's internal control over financial reporting to determine the 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 the Town of Mint Hill's internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

Our consideration of the internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe our testing of internal control and compliance and the result of that testing, and 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 *Governmental Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Ann R. Craven, CPA, PLLC

Ann R. Craven, CPA, PLLC
Greensboro North Carolina
January 7, 2022

**ANN R. CRAVEN, CPA, PLLC
1100 REVOLUTION MILL DRIVE, STUDIO 2
GREENSBORO, NORTH CAROLINA 27405
(336) 632-0060**

**Report On Compliance For Each Major State Program; Report on Internal Control Over Compliance; In
Accordance with the Uniform Guidance and the State Single Audit Implementation Act**

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Board of Commissioners
Town of Mint Hill, North Carolina

Report on Compliance for Each Major State Program

We have audited the Town of Mint Hill, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Mint Hill, North Carolina's major state programs for the year ended June 30, 2021. The Town of Mint Hill, North Carolina's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Mint Hill, North Carolina's major state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and applicable sections of Title 2 US *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Auditors in North Carolina*, and the State Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Mint Hill, North Carolina's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major state program. However, our audit does not provide a legal determination of the Town of Mint Hill, North Carolina's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Mint Hill, North Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town of Mint Hill, North Carolina is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Mint Hill's internal control over compliance with the types of requirements that could have a direct and material effect on a major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Town of Mint Hill, North Carolina's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Ann R. Craven, CPA, PLLC

Ann R. Craven, CPA, PLLC
Greensboro North Carolina
June 9, 2021

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 6

Page 1 of 3

*Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021*

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified? ☐ yes ☒ no

• Significant Deficiency(s) identified that are not considered to be material weaknesses ☐ yes ☒ no

Noncompliance material to financial statements noted ☐ yes ☒ no

State Awards

Internal control over major State programs:

• Material weakness(es) identified? ☐ yes ☒ no

• Significant Deficiency(s) identified that are not considered to be material weaknesses ☐ yes ☒ no

Type of auditor's report issued on compliance for major State programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with the State Single Audit Implementation Act ☐ yes ☒ no

Identification of major State programs:

Program Name
Powell Bill

Major State programs for the Town of Mint Hill include the Powell Bill program from the Department of State Transportation and Grant in Aid from the Office of State Management and Budget for sidewalks. Therefore, these programs have been included in the list of major programs above.

*Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021*

Section II. Financial Statement Findings

MATERIAL WEAKNESS

None reported.

SIGNIFICANT DEFICIENCIES

None reported.

NON-COMPLIANCE

None reported.

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 6

Page 3 of 3

*Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2021*

Section III. Federal and State Award Findings and Questioned Costs

None reported.

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 7

***Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2021***

Finding: None Reported

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 8

***Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2021***

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>Grantor/Pass-Through Grantor/Program Title</u>					
Federal Grants:					
U.S. Department of Justice:					
Passed-through the NC Department of Public Safety					
Byrne JAG Program	16.738		\$ 24,500	\$ -	\$ -
 U.S. Dept. of Treasury					
Passed-through the Office of State Budget and Management:					
NC Pandemic Recovery Office					
Passed-through Mecklenburg County:					
Coronavirus Relief Fund	21.019		186,539		
Total Assistance -Federal Programs			<u>211,039</u>		
State Grants:					
N.C. Department of Transportation:					
Powell Bill			-	606,540	747,571
Total Assistance -State Programs			-	606,540	747,571
Total Federal and State Assistance			<u>\$ 211,039</u>	<u>\$ 606,540</u>	<u>\$ 747,571</u>

Note to the Schedule of Expenditures of Federal and State Financial Awards

The accompanying schedule of expenditures of federal and State awards includes the federal and State grant activity of the Town of Mint Hill and is presented on the modified accrual basis of accounting. The information in this schedule is presented in accordance with the State Single Audit Implementation Act.