

REVIEWED

By SLGFD at 3:33 pm, Dec 16, 2021

VILLAGE OF MISENHEIMER
NORTH CAROLINA

FINANCIAL STATEMENTS

June 30, 2021

VILLAGE OF MISENHEIMER, NORTH CAROLINA

VILLAGE COUNCIL

Michael Herron, Mayor

Micah Edquist, Mayor Pro-Tem

Peter Edquist Michael Burrage

Jeff Watson

OFFICIALS

Finance Officer

Micah Edquist

Village Clerk

Anita Blair

Village Attorney

Dewitt F. McCarley

VILLAGE OF MISENHEIMER, NORTH CAROLINA

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VILLAGE OF MISENHEIMER, NORTH CAROLINA

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INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
and Members of the Village Council
Misenheimer, North Carolina

Report on the Financial Statements

I have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Misenheimer, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Village'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

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I 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, I 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 presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, based on my 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 Village of Misenheimer, North Carolina as of June 30, 2021, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, and the Law Enforcement Officers' Special Separation Allowance schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll, 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

My audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements of the Village of Misenheimer, North Carolina. The individual fund statements, budgetary schedules and other schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The individual fund statements, budgetary schedules and other schedules 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 me. In my opinion, based on my audit, the procedures performed as described above, the individual fund statements, budgetary schedules, and other schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.



William R. Huneycutt, CPA, PLLC
Albemarle, North Carolina

October 26, 2021



**VILLAGE OF MISENHEIMER
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MISENHEIMER, NC 28109-0100
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Management's Discussion and Analysis

As management of the Village of Misenheimer, we offer readers of the Village of Misenheimer's financial statements this narrative overview and analysis of the financial activities of the Village of Misenheimer 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 Village's financial statements, which follow this narrative.

Financial Highlights

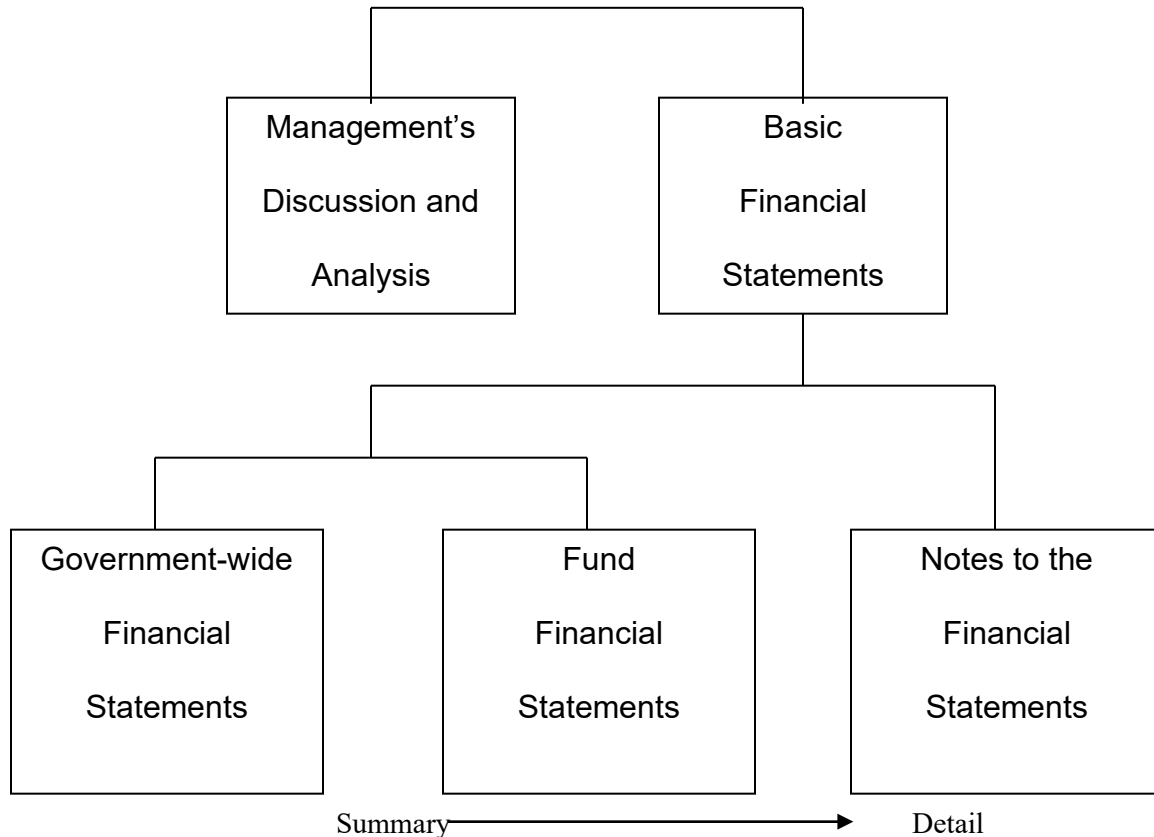
- The assets and deferred outflows of resources of the Village of Misenheimer exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$1,061,091 (net position).
- As of the close of the current fiscal year, the Village of Misenheimer's governmental funds reported combined ending fund balances of \$791,070 with a net increase of \$63,764 in the general fund and a net increase of \$8,751 in the Carolina Thread Trail Fund. Approximately 23% of this total amount, or \$176,318, is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$553,434 or 107.8 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Village of Misenheimer's basic financial statements. The Village'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 Village 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 Village of Misenheimer.

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 Village'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 Village's government. These statements provide more detail than the government-wide statements. These are two parts of 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 Village's individual funds. Budgetary information required by the North Carolina 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 Village'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 Village's financial status as a whole.

The two government-wide statements report the Village's net position and how it has changed. Net position is the difference between the Village's total assets and deferred outflows of resources and total liabilities and deferred inflows of resources. Measuring net position is one way to gauge the Village's financial condition.

The government-wide statements are shown in one category: 1) governmental activities. The governmental activities include most of the Village's basic services such as public safety, and general administration. Property taxes and State and federal grant funds finance most of these activities.

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

Fund Financial Statements

The fund financial statements (see Figure 1) provide a more detailed look at the Village'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 Village of Misenheimer, 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 Village's budget ordinance. All of the funds of Village of Misenheimer can be shown in one category: 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 Village'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 Village'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 Village of Misenheimer adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document and incorporates input from the citizens of the Village, the management of the Village, and the decisions of the Council about which services to provide and how to pay for them. It also authorizes the Village to obtain funds from identified sources to finance these current period activities. The budgetary statement provided for the General Fund demonstrates how well the Village complied with the budget ordinance and whether or not the Village 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 council; 2) the final budget as amended by the council; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference of 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 begin on page 16 of this report.

Government-Wide Financial Analysis

Village of Misenheimer's Net Position

Figure 2

	Governmental Activities		Total	
	2021	2020	2021	2020
Current and other assets	\$ 797,932	\$ 726,765	\$ 797,932	\$ 726,765
Capital assets	414,424	449,966	414,424	449,966
Deferred outflows of resources	131,708	69,934	131,708	69,934
Total assets & deferred outflows of resources	1,344,064	1,246,665	1,344,064	1,246,665
Current liabilities	39,205	25,172	39,205	25,172
Long-term liabilities	225,684	166,223	225,684	166,223
Deferred inflow of resources	18,084	39,050	18,084	39,050
Total liabilities & deferred inflows of resources	282,973	230,445	282,973	230,445
Net position:				
Net investment in capital assets	391,022	403,678	391,022	403,678
Restricted	189,256	167,969	189,256	167,969
Unrestricted	480,813	444,573	480,813	444,573
Total net position	\$ 1,061,091	\$ 1,016,220	\$ 1,061,091	\$ 1,016,220

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets and deferred outflows of the Village of Misenheimer exceeded liabilities and deferred inflows by \$1,061,091 as of June 30, 2021. The Village's net position increased by \$44,871 for the fiscal year ended June 30, 2021. A portion of the balance (36.9%) reflects the Village's net investment in capital assets (e.g. land, buildings, machinery, and equipment, and infrastructure). The Village of Misenheimer uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Village of Misenheimer's net investment in 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 Village's net position, \$189,256 (17.8%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$480,813 is unrestricted.

Village of Misenheimer Changes in Net Position

Figure 3

	Governmental Activities		Total	
	2021	2020	2021	2020
Revenues:				
Program revenues:				
Charges for services	\$ 253,255	\$ 240,000	\$ 253,255	\$ 240,000
Operating grants and contributions	-	-	-	-
Capital grants and contributions	56,195	15,662	56,195	15,662
General revenues:				
Property taxes	31,089	31,017	31,089	31,017
Other taxes	258,776	233,485	258,776	233,485
Other	664	5,875	664	5,875
Miscellaneous	1,743	8,018	1,743	8,018
Total revenues	<u>601,722</u>	<u>534,057</u>	<u>601,722</u>	<u>534,057</u>
Expenses:				
General government	125,117	119,819	125,117	119,819
Public safety	386,081	369,685	386,081	369,685
Transportation	4,486	2,686	4,486	2,686
Environmental Protection	23,166	22,667	23,166	22,667
Cultural and recreation	16,501	5,385	16,501	5,385
Zoning	1,500	3,079	1,500	3,079
Total expenses	<u>556,851</u>	<u>523,321</u>	<u>556,851</u>	<u>523,321</u>
Increase (decrease) in net position	44,871	10,736	44,871	10,736
Net position, July 1	<u>1,016,220</u>	<u>1,005,484</u>	<u>1,016,220</u>	<u>1,005,484</u>
Net position, June 30	\$ <u><u>1,061,091</u></u>	\$ <u><u>1,016,220</u></u>	\$ <u><u>1,061,091</u></u>	\$ <u><u>1,016,220</u></u>

Governmental Funds: The focus of the Village of Misenheimer’s governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Village of Misenheimer’s financing requirements.

The general fund is the chief operating fund of the Village of Misenheimer. At the end of the current fiscal year, the Village of Misenheimer’s fund balance available in the General Fund was \$553,434 while total fund balance reached \$778,132. As a measure of the general fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 107.8 percent of total General Fund expenditures, while total fund balances represent 151.6 percent of that same amount.

At June 30, 2021, the governmental funds of Village of Misenheimer reported a combined fund balance of \$791,070 with a net increase in fund balance of \$72,515. Included in this change in fund balance are increases in fund balance in the General Fund and increases in fund balance in the Carolina Thread Trail Special Revenue Fund.

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

Revenues remained the same between original and final budget, however the revenues were higher in actual income because of additional local sales taxes received and miscellaneous income received. Also, expenditures were less than were budgeted.

Capital Asset and Debt Administration

Capital Assets. The Village of Misenheimer’s investment in capital assets for its governmental activities as of June 30, 2021, totals \$414,424 (net of accumulated depreciation). These assets include land, buildings, machinery and equipment, vehicles, and infrastructure.

Village of Misenheimer’s Capital Assets (net of depreciation)

Figure 4

Governmental Activities

	2021		2020		Total	
Land	\$	46,685	\$	46,685	\$	46,685
Buildings		239,767		248,471		248,471
Machinery and equipment		15,721		22,459		22,459
Vehicles		21,597		48,416		48,416
Infrastructure		90,654		83,935		83,935
Total	\$	414,424	\$	449,966	\$	449,966

Management Discussion and Analysis
Village of Misenheimer

Additional information on the Village's capital assets can be found in Note 2 of the Basic Financial Statements.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Village:

The Village of Misenheimer provides police services for Pfeiffer University. A five-year contract was negotiated in 2019 with compounded annual increases of 3% which equates to an additional \$7,400 of revenue in FY 21/22 for a total of \$254,616.

Sales tax is based on per capita distribution in Stanly County. This is the second largest revenue stream for the Village; however, the certified population of the Village of Misenheimer declined 150 people due to the pandemic which affected the group quarters population at Pfeiffer University.

Misenheimer Solar, LLC, a 735-acre solar farm, 241 acres of which are in the Village of Misenheimer received their power purchase agreement from Duke Energy. Construction of this project is slated for 2022, which will contribute to property tax revenue in future years.

The lack of sewer in the Village remains an issue for future development. Sewer along Highway 52 North through Misenheimer has been in Stanly County's five-year plan for several years. The Village would like to use its portion of American Rescue Plan funds to partner with Stanly County to move the sewer project forward.

In order for Stanly County to rank the sewer project, the County must see growth and development. The Village is actively pursuing economic development and awaiting an updated sewer proposal to present to Stanly County.

The Village experienced the loss of two experienced police officers within three months primarily due to pay. Pay increases were implemented to attract and retain qualified personnel during a time of police officer shortages and to align with peer communities.

One Powell Bill project is scheduled which will improve the safety of the railroad crossing for the "Falcon Trail" which is part of the Carolina Thread Trail.

The financial health of the Village is good and the fund reserves significant.

Requests for Information

This report is designed to provide an overview of the Village's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Village Administrator/Clerk, at the Village of Misenheimer, P.O. Box 100, Misenheimer, NC 28109-0100. One can also call 704-463-1234, visit our website at www.villageofmisenheimernc.gov or send an email to clerk@villageofmisenheimernc.gov for more information.

VILLAGE OF MISENHEIMER, NORTH CAROLINA**STATEMENT OF NET POSITION**

June 30, 2021

	Primary Government	
	Governmental Activities	Total
Assets:		
Current Assets:		
Cash and cash equivalents	\$ 620,072	\$ 620,072
Taxes receivable (net)	1,542	1,542
Due from other governments	68,775	68,775
Restricted cash and cash equivalents	107,543	107,543
Total Current Assets	<u>797,932</u>	<u>797,932</u>
Non-Current Assets:		
Capital Assets (Note 1):		
Land, non-depreciable improvements, and construction in progress	46,685	46,685
Other capital assets, net of depreciation	367,739	367,739
Total Capital Assets	<u>414,424</u>	<u>414,424</u>
Total Non-Current Assets	<u>414,424</u>	<u>414,424</u>
Total Assets	<u>1,212,356</u>	<u>1,212,356</u>
Deferred Outflows of Resources:		
Pension deferrals	105,370	105,370
Contributions to pension plan in current fiscal year	26,338	26,338
Total Deferred Outflows of Resources	<u>131,708</u>	<u>131,708</u>
Liabilities:		
Current Liabilities:		
Accounts payable and accrued liabilities	5,320	5,320
Compensated absences payable	22,379	22,379
Current portion of note payable	11,506	11,506
Total Current Liabilities	<u>39,205</u>	<u>39,205</u>
Long-Term Liabilities		
Net pension liability	125,427	125,427
Total pension liability	88,361	88,361
Note payable due in more than one year	11,896	11,896
Total Long-Term Liabilities	<u>225,684</u>	<u>225,684</u>
Total Liabilities	<u>264,889</u>	<u>264,889</u>
Deferred Inflows of Resources:		
Pension deferrals	18,084	18,084
Total Deferred Inflows of Resources	<u>18,084</u>	<u>18,084</u>
Net Position:		
Net investment in capital assets	391,022	391,022
Restricted for:		
Stabilization by State Statute	68,775	68,775
Streets	107,543	107,543
Cultural and Recreation	12,938	12,938
Unrestricted	480,813	480,813
Total Net Position	<u>\$ 1,061,091</u>	<u>\$ 1,061,091</u>

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

VILLAGE OF MISENHEIMER, NORTH CAROLINA**STATEMENT OF ACTIVITIES**

For the Year Ended June 30, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Total
Primary Government:						
Governmental Activities:						
General government	\$ 125,117	\$ -	\$ -	\$ -	\$ (125,117)	\$ (125,117)
Public safety	386,081	247,200	-	-	(138,881)	(138,881)
Transportation	4,486	-	-	31,195	26,709	26,709
Environmental protection	23,166	-	-	-	(23,166)	(23,166)
Cultural and recreational	16,501	-	-	25,000	8,499	8,499
Zoning	1,500	-	-	-	(1,500)	(1,500)
Total Primary Government (See Note 1)	\$ 556,851	\$ 247,200	\$ -	\$ 56,195	(253,456)	(253,456)
General Revenues:						
Taxes:						
Property taxes, levied for general purpose					31,089	31,089
Other taxes					258,776	258,776
Unrestricted investment earnings					1,743	1,743
Miscellaneous					6,719	6,719
Total General Revenues					298,327	298,327
Change in Net Position					44,871	44,871
Net Position, Beginning of Year					1,016,220	1,016,220
Net Position, End of Year					\$ 1,061,091	\$ 1,061,091

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

VILLAGE OF MISENHEIMER, NORTH CAROLINA**BALANCE SHEET**
GOVERNMENTAL FUNDS

June 30, 2021

	<u>Major Funds</u>		<u>Total</u>
	<u>General</u>	<u>Carolina Thread Trail</u>	<u>Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 607,134	\$ 12,938	\$ 620,072
Restricted cash	107,543	-	107,543
Receivables, net			
Taxes	1,542	-	1,542
Due from other governments	68,775	-	68,775
Total Assets	<u>784,994</u>	<u>12,938</u>	<u>797,932</u>
Liabilities:			
Accounts payable	5,320	-	5,320
Total Liabilities	<u>5,320</u>	<u>-</u>	<u>5,320</u>
Deferred Inflows of Resources:			
Property taxes receivable	1,542	-	1,542
Total Deferred Inflows of Resources	<u>1,542</u>	<u>-</u>	<u>1,542</u>
Fund Balances:			
Restricted			
Stabilization by State Statute	68,775	-	68,775
Streets	107,543	-	107,543
Assigned			
Recreation	-	12,938	12,938
Subsequent year's expenditures	48,380	-	48,380
Unassigned	553,434	-	553,434
Total Fund Balances	<u>778,132</u>	<u>12,938</u>	<u>791,070</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balances	<u>\$ 784,994</u>	<u>\$ 12,938</u>	

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

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

Gross capital assets at historical cost

\$ 784,462

Accumulated depreciation

(370,038)

414,424

Deferred outflows of resources related to pensions are not reported in the funds

131,708

Liabilities for earned revenues considered deferred inflows of resources in fund statements.

(18,084)

Earned revenues considered deferred inflows of resources in fund statements.

1,542

Long-term liabilities used in governmental activities are not financial uses and therefore are not reported in the funds

Gross long term debt

(23,402)

Net pension liability

(125,427)

Total pension liability

(88,361)

Other long-term liabilities (compensated absences payable) are not due and payable in the current period and therefore are not reported in the funds

(22,379)

Net position of governmental activities

\$ 1,061,091

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

VILLAGE OF MISENHEIMER, NORTH CAROLINA**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS**

For the Year Ended June 30, 2021

	<u>Major Funds</u>		<u>Total</u>
	<u>General</u>	<u>Carolina Thread Trail</u>	<u>Governmental Funds</u>
Revenues:			
Ad valorem taxes	\$ 31,421	\$ -	\$ 31,421
Unrestricted intergovernmental	258,776	-	258,776
Restricted intergovernmental	31,195	25,000	56,195
Sales and services	247,200	-	247,200
Investment earnings	1,741	2	1,743
Miscellaneous	6,719	-	6,719
Total Revenues	<u>577,052</u>	<u>25,002</u>	<u>602,054</u>
Expenditures:			
General government	114,775	-	114,775
Public safety	362,392	-	362,392
Transportation	11,205	-	11,205
Zoning	1,500	-	1,500
Environmental protection	23,166	-	23,166
Cultural and recreational	250	16,251	16,501
Total Expenditures	<u>513,288</u>	<u>16,251</u>	<u>529,539</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>63,764</u>	<u>8,751</u>	<u>72,515</u>
Net Change in Fund Balance	63,764	8,751	72,515
Fund Balances, Beginning of Year	<u>714,368</u>	<u>4,187</u>	<u>718,555</u>
Fund Balances, End of Year	<u>\$ 778,132</u>	<u>\$ 12,938</u>	<u>\$ 791,070</u>

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

VILLAGE OF MISENHEIMER, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
For the 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	\$	72,515
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.</p>		
Capital outlay expenditures which were capitalized	\$	9,425
Depreciation expense for governmental assets	<u>(44,967)</u>	(35,542)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		26,338
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		332
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
		22,886
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences	\$	(3,543)
Pension expense	(32,919)	
Net Pension Obligation (LEO)	<u>(5,196)</u>	(41,658)
Total changes in net position of governmental activities	\$	<u><u>44,871</u></u>

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

VILLAGE OF MISENHEIMER, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
For the Year Ended June 30, 2021

	General Fund			Variance with Final Budget- Positive (Negative)
	Original Budget	Final Budget	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 29,000	\$ 29,000	\$ 31,421	\$ 2,421
Unrestricted intergovernmental	188,450	200,130	258,776	58,646
Restricted intergovernmental	15,200	31,192	31,195	3
Sales and services	247,200	247,200	247,200	-
Investment earnings	1,250	1,250	1,741	491
Miscellaneous	2,400	2,400	6,719	4,319
Total Revenues	<u>483,500</u>	<u>511,172</u>	<u>577,052</u>	<u>65,880</u>
Expenditures:				
General government	103,005	117,685	114,775	2,910
Public safety	350,095	366,437	362,392	4,045
Transportation	45,000	44,650	11,205	33,445
Zoning	3,000	1,500	1,500	-
Environmental protection	23,175	23,175	23,166	9
Cultural and recreational	1,750	250	250	-
Total Expenditures	<u>526,025</u>	<u>553,697</u>	<u>513,288</u>	<u>40,409</u>
Revenues Over (Under)				
Expenditures	<u>(42,525)</u>	<u>(42,525)</u>	<u>63,764</u>	<u>106,289</u>
Fund Balance Appropriated	42,525	42,525	-	42,525
Net Change in Fund Balance	\$ <u><u>-</u></u>	\$ <u><u>-</u></u>	63,764	\$ <u><u>63,764</u></u>
Fund Balance, Beginning of Year			<u>714,368</u>	
Fund Balance, End of Year			\$ <u><u>778,132</u></u>	

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

VILLAGE OF MISENHEIMER, 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 Village of Misenheimer conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies.

Reporting Entity

The Village of Misenheimer is a municipal corporation in Stanly County that is governed by a five-member council, whose Mayor is elected by vote of Council. As required by generally accepted accounting principles, these financial statements present the Village. The Village has a population of 650. The Village provides services which include general government, public safety, streets, solid waste, cultural and recreational, and zoning.

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. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions.

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

Fund Financial Statements: The fund financial statements provide information about the Village's funds. The emphasis of fund financial statements is on the major governmental fund.

The Village reports the following major governmental funds:

General Fund. The General Fund is the general operating fund of the Village. 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 local option sales taxes, ad valorem taxes, and other intergovernmental revenues. The primary expenditures are for public safety, street maintenance and construction, sanitation services, and general government services.

Carolina Thread Trail Special Revenue Fund. This fund is used to account for grant funds that are restricted for use for a particular purpose.

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting

In accordance with North Carolina General Statutes, all funds of the Village 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. The government-wide financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the Village 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. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

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.

The Village 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 are for limited registration plates are shown as receivable in these financial statements and are offset by deferred inflows of resources.

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Summary of Significant Accounting Policies (Continued)

Measurement Focus and Basis of Accounting (Concluded)

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Village are recognized as revenue. 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. Grant revenues which are unearned at year-end are recorded as unearned revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program.

Budgetary Data

The Village's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General 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 functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund or that change functional appropriations. All amendments must be approved by the governing board. 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.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Fund Equity

Deposits and Investments

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

Cash and Cash Equivalents

All cash and investments are essentially demand deposits and are considered cash and cash equivalents.

Restricted Assets

Powell Bill funds are also classified as restricted cash because they can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4. All restricted cash recorded in the financial statements relates to the Powell Bill funds.

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity (Continued)

Restricted Assets (Concluded)

Village of Misenheimer Restricted Cash

Governmental Activities

General Fund

Streets	\$ 107,543
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Total Restricted Cash	\$ 107,543
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Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Village levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due September 1st (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2018. As allowed by State law, the Village has established a schedule of discounts that apply to taxes that are paid prior to the due date. In the Village's General Fund, ad valorem tax revenues are reported net of such discounts.

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. The Village believes any allowance to be immaterial, and therefore records no amount for allowance for doubtful accounts.

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, buildings, improvements, infrastructure, furniture and equipment, and vehicles, \$3,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2003, consist of road network assets that were acquired or that received substantial improvements subsequent to July 1, 1980, and are reported at estimated historical cost using deflated replacement cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity (Continued)

Capital Assets (Concluded)

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

Asset Class	Estimated Useful Lives
Buildings	20-40
Vehicles	5-10
Furniture and equipment	5-10
Computer equipment	5
Sidewalks	15

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Village has no items that meet this criterion. 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 Village has two items that meets the criterion for this category – property taxes receivable and pension deferrals.

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 type statement of net position.

Compensated Absences

The vacation policy of the Village provides for the accumulation of up to two hundred forty hours of earned vacation leave with such leave being fully vested when earned. For the Village's government-wide funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Village 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.

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Summary of Significant Accounting Policies (Continued)

Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity (Continued)

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

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

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 1 - Summary of Significant Accounting Policies (Concluded)

Assets, Liabilities, Deferred Outflows/Inflows, and Fund Equity (Concluded)

Net Position/Fund Balances

Assigned Fund Balance – portion of fund balance the Village of Misenheimer intends to use for specific purposes.

Assigned for Carolina Thread Trail – portion of fund balance that has been budgeted by the Council for use on planning and acquisition of property for the Carolina Thread Trail.

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

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

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 Government Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Village of Misenheimer's employer contributions are recognized when due and the Village of Misenheimer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

Note 2 - Detail Notes on All Funds

Assets

Deposits

All the deposits of the Village 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 Village's agents in this unit'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 Village, these deposits are considered to be held by the Village's agents in their names. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 - Detail Notes on All Funds (Continued)

Assets (Continued)

Deposits (Concluded)

information with the Village or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Village under the Pooling Method, the potential exists for under-collateralization. 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 Village has no formal 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 Village 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 Village's deposits for the General Fund had a carrying amount of \$714,677 and a bank balance of \$723,786. Of the bank balance, \$250,000 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. The carrying amounts of deposits for the Carolina Thread Trail Special Revenue Fund was \$12,938 and the bank balance was \$12,938. All of the bank balance was covered by federal depository insurance.

Receivables – Allowance for Doubtful Accounts

The Village estimates no allowance for doubtful accounts. Any amounts presented in the Balance Sheet and the Statement of Net Position would be considered immaterial and therefore no allowance is recorded.

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 - Detail Notes on All Funds (Continued)

Assets (Concluded)

Capital Assets

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

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental Activities				
Capital Assets Not Being Depreciated:				
Land	\$ 46,685	\$ -	\$ -	\$ 46,685
Capital Assets Being Depreciated:				
Buildings	314,531	-	-	314,531
Equipment	92,030	-	-	92,030
Vehicles	214,352	-	-	214,352
Infrastructure	107,439	9,425	-	116,864
Total Capital Assets Being Depreciated	728,352	-	-	737,777
Less Accumulated Depreciation For:				
Buildings	66,060	8,704	-	74,764
Equipment	69,571	6,738	-	76,309
Vehicles	165,936	26,819	-	192,755
Infrastructure	23,504	2,706	-	26,210
Total Accumulated Depreciation	325,071	\$ 44,967	\$ -	370,038
Total Capital Assets Being Depreciated, Net	403,281			367,739
Governmental Activity Capital Assets, Net	\$ 449,966			\$ 414,424

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

General Government	\$ 8,704
Transportation	2,706
Public Safety	33,557
Total Depreciation Expense	<u>\$ 44,967</u>

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 - Detail Notes on All Funds (Continued)

Liabilities

Pension Plan Obligations

Local Governmental Employees' Retirement System

Plan Description. The Village of Misenheimer 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 government entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, 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 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.

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 - Detail Notes on All Funds (Continued)

Liabilities (Continued)

Pension Plan Obligations (Concluded)

Local Governmental Employees' Retirement System (Concluded)

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 of within 180 days of their last day of service and who also have either completed 20 years of creditable service regardless of age, or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Village of Misenheimer employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Village of Misenheimer's contractually required contribution rate for the year ended June 30, 2021 was 10.84% of compensation for law enforcement officers and 10.35% for general employees, 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 Village of Misenheimer were \$26,337 for the year ended June 30, 2021.

Refunds of Contributions – Village 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.

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 - Detail Notes on All Funds (Continued)

Liabilities (Continued)

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

At June 30, 2021, the Village reported a liability of \$125,427 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 liability 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 update procedures incorporating the actuarial assumptions. The Village's proportion of the net pension liability was based on a projection of the Village'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, 2021, the Village's proportion was 0.00351%.

For the year ended June 30, 2021, the Village recognized pension expense of \$49,132. At June 30, 2021, the Village 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	\$ 15,839	\$ -
Change of assumptions	9,334	-
Net difference between projected and actual earnings on pension plan investments	17,650	-
Changes in proportion and differences between Village contributions and proportionate share of contributions	14,912	6,074
Village contributions subsequent to the measurement date	26,338	-
Total	<u>\$ 84,073</u>	<u>\$ 6,074</u>

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 - Detail Notes on All Funds (Continued)

Liabilities (Continued)

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

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

Year ended June 30:

2021	\$	18,078
2022		18,458
2023		9,903
2024		5,224
2025		-
Thereafter		-
	<u>\$</u>	<u>51,663</u>

Actuarial Assumptions. The total pension liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period January 1, 2011 through December 31, 2015.

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

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

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 - Detail Notes on All Funds (Continued)

Liabilities (Continued)

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

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, 2021 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%	

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.

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.

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 - Detail Notes on All Funds (Continued)

Liabilities (Continued)

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

Sensitivity of the Village's proportionate share of the net pension asset to changes in the discount rate. The following presents the Village's proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Village'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%)
Village's proportionate share of the net pension liability (asset)	\$ 254,478	\$ 125,427	\$ 18,177

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

Law Enforcement Officers Special Separation Allowance

Plan Description

The Village of Misenheimer administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Village's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of credible service or have attained 55 years of age and have completed five or more years of credible 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. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full-time law enforcement officers of the Village are covered by the Separation Allowance. At December 31, 2019, the Separation Allowance's membership consisted of:

Retirees Receiving Benefits	0
Terminated plan members entitled to but not yet receiving benefits	0
Active plan members	5
Total	<u>5</u>

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 - Detail Notes on All Funds (Continued)

Liabilities (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

Summary of Significant Accounting Policies

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

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

Actuarial Assumptions

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

Inflation	2.50 percent
Salary Increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount Rate	1.93 percent

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 are based on the RP-2000 Mortality tables with adjustments for mortality improvements based on Scale AA.

Contributions

The Village is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. The Village's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. There were no contributions made by employees. The Village's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. The Village did not have to pay any benefits for the year ending June 30, 2021.

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 - Detail Notes on All Funds (Continued)

Liabilities (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

Contributions (Continued)

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

At June 30, 2021, the Village reported a total pension liability of \$88,361. 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 \$10,129.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 6,601	\$ 9,716
Changes of assumptions and other inputs	35,770	2,294
Benefit payments and administrative expenses subsequent to the measurement date	-	-
	<u>\$ 42,371</u>	<u>\$ 12,010</u>

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

Year ended June 30:

2022	\$ (3,727)
2023	(3,727)
2024	(3,728)
2026	(3,835)
2026	(4,038)
Thereafter	(11,306)

Sensitivity of the Village's total pension liability to changes in the discount rate. The following presents the Village's total pension liability calculated using the discount rate of 1.93 percent, as well as what the Village's total pension liability would be if it were calculated using a discount rate that is 1-percentage lower (0.93 percent) or 1-percentage point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Total Pension Liability	\$ 98,051	\$ 88,361	\$ 79,401

VILLAGE OF MISENHEIMER, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 - Detail Notes on All Funds (Continued)

Liabilities (Continued)

Law Enforcement Officers Special Separation Allowance (Continued)

Contributions (Concluded)

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

	2021
Beginning balance	\$ 37,734
Service cost	4,839
Interest on the total pension liability	1,230
Difference between expected and actual experience	7,245
Changes of assumptions or other inputs	<u>37,313</u>
Ending balance of the total pension liability	<u>\$ 88,361</u>

The plan currently uses mortality tables that vary by age, and health status (i.e. disable 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, 2011 through December 31, 2015.

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 - 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	\$ 49,132	\$ 10,129	\$ 59,261
Pension Liability	125,427	88,361	213,788
Proportionate share of the net pension liability	0.00351%	N/A	

Deferred Outflows of Resources:

Differences between expected and actual experience	18,954	6,601	25,555
Changes of assumptions	11,483	35,770	47,253
Net difference between projected and actual earnings on plan investments	17,650	-	17,650
Changes in proportion and differences between contributions and proportionate share of contributions	14,912	-	14,912
Benefits payments and administrative costs paid subsequent to the measurement date	26,338	-	26,338

Deferred Inflows of Resources:

Differences between expected and actual experience	-	9,716	9,716
Changes of assumptions	-	2,294	2,294
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	6,074	-	6,074

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Village contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers and full-time administrative staff employed by the Village. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 - Detail Notes on All Funds (Continued)

Liabilities (Continued)

Law Enforcement Officers' Special Separation Allowance (Concluded)

Supplemental Retirement Income Plan for Law Enforcement Officers (Concluded)

Funding Policy. Article 12E of G.S. Chapter 143 requires the Village to contribute each month an amount equal to five percent of each officer and full-time administrative staff's salary, and all amounts contributed are vested immediately. The law enforcement officers may make voluntary contributions to the plan. The Village made contributions of \$12,250, this consisted of \$2,250 for administrative staff and \$10,000 for law enforcement officers. No amounts were forfeited.

Other Employment Benefits

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

Deferred Outflows and Inflows of Resources

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

Contributions to pension plan in current fiscal year	\$	26,338
Change in proportion and differences in employer contributions and proportionate share of contributions		14,912
Differences between expected and actual experiences		25,555
Changes of assumptions		47,253
Net difference between projected and actual experience		17,650
Total	\$	<u>131,708</u>

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Deferred Outflows and Inflows of Resources (Concluded)

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	\$ -	\$ 1,542
Changes in assumptions	-	-
Differences between expected and actual experience	9,716	-
Changes of assumptions and other inputs	2,294	
Changes in proportion and differences between employer contributions and proportionate share of contributions	6,074	-
Total	<u>\$ 18,084</u>	<u>\$ 1,542</u>

Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village participates in two self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Village obtains general liability and auto liability coverage of \$5 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. The liability and property exposures are reinsured through commercial carriers for claims in excess of retentions as selected by the Board of Trustees each year. Excess insurance coverage is purchased by the Board of Trustees to protect against large medical claims that exceed certain dollar cost levels. Specific information on the limits of the reinsurance, excess and stop loss policies purchased by the Board of Trustees can be obtained by contacting the Risk Management Services Department of the NC League of Municipalities. The pools are audited annually by certified public accountants, and the audited financial statements are available to the Village upon request.

The Village 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 Village carries no flood insurance.

In accordance with G.S. 159-29, the Village's employees that have access to \$100 or more at any given time of the Village's funds are performance bonded through a commercial surety bond. The finance officer is bonded for \$50,000.

Claims, Judgments, and Contingent Liabilities

At June 30, 2021, the Village was not involved in any lawsuits.

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 – Detail Notes on All Funds (Continued)

Liabilities (Continued)

Long-Term Obligations

Installment Purchases

In September 2016, the Village purchased two Dodge Charger police vehicles for \$60,000 financed through a direct borrowing Financing Agreement with a local bank. The vehicles are pledged as collateral for the debt while the debt is outstanding. The financing agreement requires monthly payments of \$1,052 with an annual interest rate of 1.99%.

Annual debt service payments of the installment purchase as of June 30, 2021, including \$18 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 3,187	\$ 18
Total	<u>\$ 3,187</u>	<u>\$ 18</u>

In November 2018, the Village purchased a Dodge Durango police vehicle and financed \$41,000 through a direct borrowing Financing Agreement with a local bank. The vehicle is pledged as collateral for the debt while the debt is outstanding. The financing agreement requires monthly payments of \$729 with an annual interest rate of 2.55%.

Annual debt service payments of the installment purchase as of June 30, 2021, including \$671 of interest, are as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 8,319	\$ 433
2023	8,538	214
2024	<u>3,358</u>	<u>24</u>
Total	<u>\$ 20,215</u>	<u>\$ 671</u>

At June 30, 2021, the Village of Misenheimer had a legal debt margin of \$1,112,816.

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

Note 2 – Detail Notes on All Funds (Concluded)

Liabilities (Concluded)

Changes in Long-Term Liabilities

Governmental Activities:	Beginning Balance	Increases	Decreases	Ending Balance	Current Portion of Balance
Notes from direct borrowings	\$ 46,288	\$ -	\$ 22,886	\$ 23,402	\$ 11,506
Net pension liability (LGERS)	82,201	43,226	-	125,427	-
Net pension obligation (LEO)	37,734	50,627	-	88,361	-
Governmental activity long-term liabilities	\$ 166,223	\$ 93,853	\$ 22,886	\$ 237,190	\$ 11,506

Net Investment in Capital Assets

	Governmental
Capital assets	\$ 414,424
Less: long-term debt	23,402
Net investment in capital asset	\$ 391,022

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	\$ 778,132
Less:	
Subsequent year's expenditures	48,380
Stabilization by State Statute	68,775
Streets - Powell Bill	107,543
Remaining Fund Balance	\$ 553,434

VILLAGE OF MISENHEIMER, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS (CONCLUDED)

Note 3 - Summary Disclosure of Significant Contingencies

State Assisted Program

The Village has received proceeds from 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 will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Note 4 – Significant Effects of Subsequent Events

The Village has evaluated all subsequent events through October 26, 2021, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY FINANCIAL DATA

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

- Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability for Law Enforcement Officers' Special Separation Allowance
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

VILLAGE OF MISENHEIMER, NORTH CAROLINA

Village of Misenheimer's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Seven Fiscal Years
June 30, 2021

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Misenheimer's proportion of the net pension liability (asset) (%)	0.00351%	0.00301%	0.00416%	0.00385%	0.00436%	0.00437%	0.00428%
Misenheimer's proportion of the net pension liability (asset) (\$)	\$ 125,427	\$ 82,201	\$ 98,689	\$ 58,818	\$ 92,534	\$ 19,612	\$ (25,242)
Misenheimer's covered-employee payroll	\$ 261,173	\$ 244,203	\$ 221,402	\$ 228,521	\$ 205,102	\$ 214,312	\$ 203,035
Misenheimer's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	48.02%	33.66%	44.57%	25.74%	45.12%	9.15%	-12.43%
Plan fiduciary net position as a percentage of the total pension liability	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

VILLAGE OF MISENHEIMER, NORTH CAROLINA

Village of Misenheimer's Contributions
Required Supplementary Information
Last Seven Fiscal Years
June 30, 2021

Local Government Employees' Retirement System

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 26,338	\$ 23,293	\$ 18,328	\$ 18,350	\$ 14,244	\$ 14,665	\$ 14,685
Contributions in relation to the contractually required contribution	<u>26,338</u>	<u>23,293</u>	<u>18,328</u>	<u>18,350</u>	<u>14,244</u>	<u>14,665</u>	<u>14,685</u>
Contribution deficiency (excess)	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
Misenheimer's covered-employee payroll	\$ 261,173	\$ 244,203	\$ 221,402	\$ 228,521	\$ 205,102	\$ 214,312	\$ 203,035
Contributions as a percentage of covered-employee payroll	10.08%	9.54%	8.28%	8.03%	6.94%	6.84%	7.23%

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

VILLAGE OF MISENHEIMER, NORTH CAROLINA

Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2021

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total pension liability - beginning	\$ 37,734	\$ 44,028	\$ 42,121	\$ 32,330
Service cost	4,839	3,695	4,412	3,855
Interest on the total pension liability	1,230	1,603	1,331	1,248
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	7,245	(13,081)	(908)	521
Changes of assumptions or other inputs	37,313	1,489	(2,928)	4,167
Benefit payments	-	-	-	-
Other changes	-	-	-	-
Total pension liability - ending	\$ <u>88,361</u>	\$ <u>37,734</u>	\$ <u>44,028</u>	\$ <u>42,121</u>

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

VILLAGE OF MISENHEIMER, NORTH CAROLINA

Schedule of Total Pension Liability as a Percentage of Covered Payroll

Law Enforcement Officers' Special Separation Allowance

June 30, 2021

	<u>2021</u>		<u>2020</u>		<u>2019</u>		<u>2018</u>
Total pension liability	\$ 88,361	\$	37,734	\$	44,028	\$	42,121
Covered payroll	213,348		198,878		180,021		177,843
Total pension liability as a percentage of covered payroll	41.42%		18.97%		24.46%		23.68%

Notes to the schedules:

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

VILLAGE OF MISENHEIMER, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad Valorem Taxes:			
Taxes	\$	\$ 31,303	\$
Interest		118	
Total	<u>29,000</u>	<u>31,421</u>	<u>2,421</u>
Unrestricted Intergovernmental:			
Local option sales taxes		229,362	
Utility franchise tax		24,695	
Sales tax refund		878	
Solid waste disposal tax		583	
Beer and wine excise tax		3,258	
Total	<u>200,130</u>	<u>258,776</u>	<u>58,646</u>
Restricted Intergovernmental:			
Powell Bill allocation		14,853	
CARES Act reimbursement		16,342	
Total	<u>31,192</u>	<u>31,195</u>	<u>3</u>
Sales and Services:			
Police contract fees	<u>247,200</u>	<u>247,200</u>	<u>-</u>
Investment earnings	<u>1,250</u>	<u>1,741</u>	<u>491</u>
Miscellaneous	<u>2,400</u>	<u>6,719</u>	<u>4,319</u>
Total Revenues	\$ <u>511,172</u>	\$ <u>577,052</u>	\$ <u>65,880</u>

VILLAGE OF MISENHEIMER, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General Government:			
Salaries	\$	\$ 47,825	\$
Employee benefits		17,094	
Payroll taxes		3,684	
Professional services		21,260	
Departmental supplies		1,961	
Dues and subscriptions		4,399	
Insurance and bonds		3,730	
Collection fees		506	
Telephone, internet and postage		1,374	
Training, travel, and education		150	
Website		4,934	
Advertising		245	
Miscellaneous		354	
Total	<u>108,630</u>	<u>107,516</u>	<u>1,114</u>
Public Buildings:			
Utilities		2,592	
Repairs and maintenance		4,667	
Total	<u>9,055</u>	<u>7,259</u>	<u>1,796</u>
Total General Government	<u>117,685</u>	<u>114,775</u>	<u>2,910</u>
Public Safety:			
Salaries		213,348	
Employee Benefits		53,485	
Payroll tax expense		16,560	
Auto expense		46,510	
Communications		795	
Repairs and maintenance		603	
Capital outlay		4,721	
Telephone and postage		2,316	
Technology		2,058	
Supplies		1,748	
Insurance		8,790	
Uniforms		965	
Distribution of fire tax		9,837	
Training, travel, and education		506	
Dues and subscriptions		150	
Total Public Safety	\$ <u>366,437</u>	\$ <u>362,392</u>	\$ <u>4,045</u>

VILLAGE OF MISENHEIMER, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL
For the Year Ended June 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures (concluded):			
Transportation:			
Streets and highways			
Repairs and maintenance	\$	\$ 11,205	\$
Total Transportation	<u>44,650</u>	<u>11,205</u>	<u>33,445</u>
Zoning:	<u>1,500</u>	<u>1,500</u>	<u>-</u>
Environmental Protection:			
Solid waste		17,375	
Recycling		5,791	
Total Environmental Protection	<u>23,175</u>	<u>23,166</u>	<u>9</u>
Cultural and Recreational:			
Village events		250	-
Total Cultural and Recreational	<u>250</u>	<u>250</u>	<u>-</u>
Total Expenditures	<u>553,697</u>	<u>513,288</u>	<u>40,409</u>
Revenues Over (Under) Expenditures	(42,525)	63,764	106,289
Other Financing Sources (Uses):			
Loan proceeds	-	-	-
Fund Balance Appropriated	<u>42,525</u>	<u>-</u>	<u>(42,525)</u>
Net Change in Fund Balance	\$ <u>-</u>	63,764	\$ <u>63,764</u>
Fund Balance, Beginning		<u>714,368</u>	
Fund Balance, Ending		\$ <u><u>778,132</u></u>	

VILLAGE OF MISENHEIMER, NORTH CAROLINA**SPECIAL REVENUE FUND - CAROLINA THREAD TRAIL
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**

For the Year Ended June 30, 2021

	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Actual Current Year</u>	<u>Total to Date</u>	<u>Variance Positive (Negative)</u>
Revenues:					
Special Revenue:					
Carolina Thread Trail Grant	\$	\$ 145,000	\$ 25,000	\$ 170,000	\$
Investment earnings		25	2	27	
Total Revenues		<u>170,000</u>	<u>25,002</u>	<u>170,027</u>	<u>27</u>
Expenditures:					
Current:					
Cultural and recreational:					
Outside contract services		92,470	6,000	98,470	
Business registration fees		301	-	301	
Supplies		-	19	19	
Professional fees		8,886	10,232	19,118	
Easement acquisitions		39,181	-	39,181	
Total Expenditures		<u>170,000</u>	<u>16,251</u>	<u>157,089</u>	<u>153,749</u>
Revenues Over (Under)					
Expenditures		<u>-</u>	<u>8,751</u>	<u>12,938</u>	<u>8,751</u>
Net Change in Fund Balance	\$	<u>-</u>	8,751	<u>\$ 8,751</u>	<u>\$ 8,751</u>
Fund Balance, Beginning of Year			<u>4,187</u>		
Fund Balance, End of Year			<u>\$ 12,938</u>		

VILLAGE OF MISENHEIMER, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2021

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2020</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2021</u>
2020-2021	\$ -	\$ 31,246	\$ 30,364	\$ 882
2019-2020	1,092	-	652	440
2018-2019	269	-	225	44
2017-2018	231	-	225	6
2016-2017	31	-	28	3
2015-2016	31	-	28	3
2014-2015	15	-	-	15
2013-2014	90	-	-	90
2012-2013	30	-	1	29
2011-2012	24	-	-	24
2010-2011	6	-	-	6
2009-2010	54	-	54	-
	<u>\$ 1,873</u>	<u>\$ 31,246</u>	<u>\$ 31,577</u>	<u>1,542</u>

Ad valorem taxes receivable - net \$ 1,542

Reconciliation with Revenues:Ad Valorem Taxes - General Fund 31,421

Reconciling Items:

Interest collected 118Taxes written off 54Other adjustments (16)**Total Collections and Credits****\$ 31,577**

VILLAGE OF MISENHEIMER, NORTH CAROLINA**ANALYSIS OF CURRENT TAX LEVY****VILLAGE - WIDE LEVY**

For the Year Ended June 30, 2021

	Village-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	\$ 14,202,727	0.22	\$ 31,246	\$ 26,778	\$ 4,468
Total Original Levy	<u>14,202,727</u>		<u>31,246</u>	<u>26,778</u>	<u>4,468</u>
Total Property Valuation	<u>\$ 14,202,727</u>				
Net levy			31,246	26,778	4,468
Uncollected taxes at June 30, 2021			<u>(882)</u>	<u>(882)</u>	<u>-</u>
Current year's taxes collected			<u>\$ 30,364</u>	<u>\$ 25,896</u>	<u>\$ 4,468</u>
Current levy collection percentage			<u>97.18%</u>	<u>96.71%</u>	<u>100.00%</u>