

FOXFIRE VILLAGE, NORTH CAROLINA

FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2022

FOXFIRE VILLAGE, NORTH CAROLINA

OFFICIALS

JUNE 30, 2022

MAYOR

DON BOITO

VILLAGE COUNCIL

JANICE GREGORICH

JANET NAUMAN

DONALD NELSON

GARY SAMUELS

OTHER OFFICIALS

JANICE GREGORICH

FINANCE DIRECTOR

SHARON SANCHEZ

DEPUTY FINANCE OFFICER

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FINANCIAL SECTION



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West End, North Carolina
Gastonia, North Carolina
Huntersville, North Carolina

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor
and Village Council
Foxfire Village, North Carolina

Report on the Audit of Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities and each major fund of Foxfire Village, North Carolina as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Foxfire Village's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities and each major fund of Foxfire Village, North Carolina as of June 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibility of Management for the Audit of 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; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditors' Responsibility for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, and *Government Auditing Standards*, we

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis on pages 4 through 10, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset (Liability) and Contributions, on pages 40 through 41, respectively, the Law Enforcement Officers' Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 42 through 43 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of the financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 1, 2022 on our consideration of the Foxfire Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Foxfire Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Foxfire Village's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Anderson Smith + Wike PLLC". The signature is written in a cursive, flowing style.

Rockingham, NC
November 1, 2022

Management's Discussion and Analysis

As management of Foxfire Village, we offer readers of Foxfire Village's financial statements this narrative overview and analysis of the financial activities of Foxfire Village for the fiscal year ended June 30, 2022. 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.

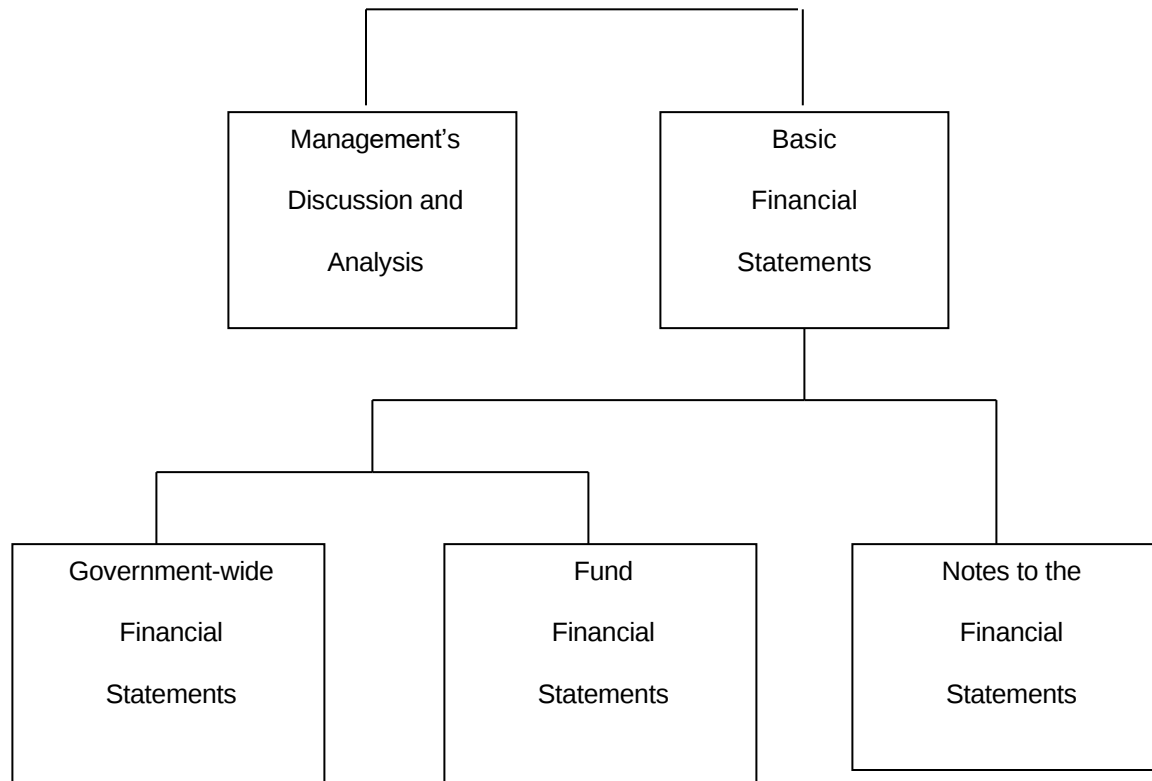
Financial Highlights

- The assets and deferred outflows of resources of Foxfire Village exceeded its liabilities at the close of the fiscal year by \$5,446,345 (*net position*).
- The government's total net position increased by \$726,809 primarily due to revenues exceeding expenditures.
- As of the close of the current fiscal year, Foxfire Village's governmental funds and activities reported ending fund balance of \$2,064,731, an increase of \$397,535 in comparison with the prior year. Approximately 32.2 percent of this total amount or \$663,171 is available for spending at the government's discretion. In 2022, the Village Council adopted a resolution establishing a fund balance policy that the Village should maintain a minimum fund balance of 35 to 40 percent of budgeted general fund expenses. Based on budgeted expenses for FYE 2022-2023 of \$1,248,450, the required working capital balance is \$499,380. As outlined in the Fund Balance Policy, funds exceeding 40 percent of the next year's budgeted expenditures shall be transferred to the Capital Reserve fund, or another restricted fund, at the discretion of the Council.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$663,171, or 54.5 percent of total general fund expenditures for the fiscal year.
- Foxfire Village's total debt decreased by \$24,654 (32.7%) during the current fiscal year.
- The Village received \$166,041 of ARPA funds as a non-entitlement unit. These revenue replacement funds were transferred and expended in the General Fund during the year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to Foxfire Village'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. 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 Foxfire Village.

Required Components of Annual Financial Report



Basic Financial

Summary → Detail

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 9) 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. There are two parts to the Fund Financial Statements: 1) the governmental funds statements and 2) the budgetary comparison statements.

The next section of the basic financial statements is the **notes**. The notes to the financial statements explain in detail some of the data contained in those statements. After the notes, **supplemental information** is provided to show details about the Village's individual funds. Budgetary information required by the General Statutes also can be found in this part of the statements.

Government-wide Financial Statements

The government-wide financial statements are designed to provide the reader with a broad overview of the 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 they have 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 describe governmental activities and include most of the Village's basic services such as public safety, streets, and general administration. Property taxes, sales and other taxes, and state funding finance most of these activities

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

Fund Financial Statements

The fund financial statements 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. Foxfire Village, 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. Foxfire Village has one fund category, the 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 governmental 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.

Foxfire Village adopts an annual budget for its General Fund, as required by the General Statutes. The budget is a legally adopted document that incorporates input from the citizens of the Village, the management of the Village, and the decisions of the Village Council about which services to provide and how to pay for them. It also authorizes Foxfire 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 board; 2) the final budget as amended by the board; 3) the actual resources, charges to appropriations, and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

Financial Analysis of the Village's Funds

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 21-39 of this report.

Other Information – In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information on pages 40-43.

Government-Wide Financial Analysis

As year-to-year financial information is accumulated on a consistent basis, changes in net position may be observed and used to discuss the changing financial position of the Village as a whole.

The Village of Foxfire's Net Position						
	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Totals</u>	
	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>	<u>2022</u>	<u>2021</u>
Current and other assets	\$ 2,080,564	\$ 1,682,101	\$ 1,270,975	\$ 1,060,160	\$ 3,351,539	\$ 2,742,261
Capital assets	1,486,779	1,331,602	821,057	870,970	2,307,836	2,202,572
Deferred outflows of resources	124,811	132,276	10,872	11,919	135,683	144,195
Total assets and deferred outflows of resources	3,692,154	3,145,979	2,102,904	1,943,049	5,795,058	5,089,028
Long-term liabilities	155,897	219,066	31,210	64,739	187,107	283,805
Other liabilities	49,506	42,970	38,466	35,286	87,972	78,256
Deferred inflows of resources	67,424	7,094	6,210	337	73,634	7,431
Total liabilities and deferred inflows of resources	272,827	269,130	75,886	100,362	348,713	369,492
Net position:						
Invested in capital assets net of related debt	1,486,779	1,331,602	770,187	795,446	2,256,966	2,127,048
Restricted	137,955	117,981	311,076	296,076	449,031	414,057
Unrestricted	1,794,593	1,427,266	945,755	751,165	2,740,348	2,178,431
Total net position	<u>\$ 3,419,327</u>	<u>\$ 2,876,849</u>	<u>\$ 2,027,018</u>	<u>\$ 1,842,687</u>	<u>\$ 5,446,345</u>	<u>\$ 4,719,536</u>

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 Foxfire Village exceeded liabilities and deferred inflows by \$5,446,345 as of June 30, 2022. The Village's net position increased by \$726,809 for the fiscal year ended June 30, 2022. A large portion, 41.5%, reflects the Village's net investments in capital assets. Foxfire Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Foxfire Village'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. The remaining balance of \$449,031 and \$2,740,348 is restricted and unrestricted net position, respectively.

Foxfire Village's Changes in Net Position

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 50,370	\$ 40,230	\$ 357,767	\$ 322,523	\$ 408,137	\$ 362,753
Operating grants and contributions	-	28	-	-	-	28
Capital grants and contributions	262,620	77,625	-	-	262,620	77,625
General revenues:						
Property taxes	775,336	728,633	-	-	775,336	728,633
Grants and contributions not restricted to specific programs	546,992	447,886	-	-	546,992	447,886
Other	10,702	9,859	11,925	5,265	22,627	15,124
Total revenues	<u>1,646,020</u>	<u>1,304,261</u>	<u>369,692</u>	<u>327,788</u>	<u>2,015,712</u>	<u>1,632,049</u>
Expenses						
General governments	220,359	203,976	-	-	220,359	203,976
Public Safety	517,337	465,788	-	-	517,337	465,788
Transportation	222,289	199,598	-	-	222,289	199,598
Cultural and recreational	102,589	60,139	-	-	102,589	60,139
Outside services	-	-	-	-	-	-
Interest on long-term debt	-	494	1,824	-	1,824	494
Water and sewer	-	-	224,505	208,755	224,505	208,755
Total expenses	<u>1,062,574</u>	<u>929,995</u>	<u>226,329</u>	<u>208,755</u>	<u>1,288,903</u>	<u>1,138,750</u>
Transfers	<u>(40,968)</u>	<u>-</u>	<u>40,968</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in position	542,478	374,266	184,331	119,033	726,809	493,299
Net position, beginning as previously reported	<u>2,876,849</u>	<u>2,502,583</u>	<u>1,842,687</u>	<u>1,723,654</u>	<u>4,719,536</u>	<u>4,226,237</u>
Net position, end of year	<u>\$ 3,419,327</u>	<u>\$ 2,876,849</u>	<u>\$ 2,027,018</u>	<u>\$ 1,842,687</u>	<u>\$ 5,446,345</u>	<u>\$ 4,719,536</u>

Governmental activities: The governmental activities increased the Village's overall net position by \$542,478. The increase in net position was the largely due to an increase in revenues of \$341,759, the ARPA revenues being the largest portion of this.

Business-type activities: The business-type activities increased the Village's overall net position by \$184,331. The current year had an increase in revenues of \$41,904 over prior year. The Village is experiencing significant growth currently.

The general fund is the chief operating fund of Foxfire Village. At the end of the current fiscal year, Foxfire Village's fund balance available in the General Fund was \$663,171, while total fund balance reached \$2,064,731. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 54.5 percent of total General Fund expenditures, while total fund balance represents 169.4 percent of that same amount. The Village Council has established by policy that the Village should maintain a minimum unassigned fund balance of 35-40% of budgeted general fund expenses.

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

Revenues were more than the budgeted amounts primarily because of collection of delinquent property taxes and sales tax revenue. In addition, expenditures were held in check and the Village was able to comply with its budgetary requirements.

Proprietary Funds. Foxfire Village's proprietary fund provides the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Water Fund at the end of the fiscal year amounted to \$945,755. The total increase in net position was \$184,331. Other factors concerning the finances of these two funds have already been addressed in the discussion of Foxfire Village's business-type activities.

Capital Asset and Debt Administration

Capital assets. Foxfire Village's investment in capital assets for its governmental and business-type activities as of June 30, 2022, totals \$2,307,836 (net of accumulated depreciation). These assets include buildings, land, equipment and vehicles.

Assets purchased during the year were a police vehicle, body cameras, administrative computers, pool furniture, and improvements to the pickle ball court and parking lot.

Foxfire Village's Capital Assets

(Net of depreciation)

	Governmental Activities	Business Activities	Total
Land and construction in progress	\$ 453,148	\$ 85,035	\$ 538,183
Buildings	713,327	-	713,327
Improvements	207,436	-	207,436
Plant and water distribution system	-	680,134	680,134
Vehicles and motorized equipment	70,491	-	70,491
Other equipment	42,377	55,888	98,265
Total	<u>\$1,486,779</u>	<u>\$ 821,057</u>	<u>\$2,307,836</u>

Additional information on the Village's capital assets can be found on page 28 of the Notes to the Basic Financial Statements.

Long-term Debt. As of June 30, 2022, the Foxfire Village had total bonded debt outstanding of \$0.

Outstanding Debt

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Installment purchases	\$ -	\$ -	\$ 50,870	\$ 75,524	\$ 50,870	\$ 75,524
Net pension liability (LGERS)	33,539	97,637	3,727	12,067	37,266	109,704
Total pension liability (LEO)	108,235	108,722	-	-	108,235	108,722
Compensated absences	28,246	25,413	3,708	3,604	31,954	29,017
Total	<u>\$ 170,020</u>	<u>\$ 231,772</u>	<u>\$ 58,305</u>	<u>\$ 91,195</u>	<u>\$ 228,325</u>	<u>\$ 322,967</u>

Foxfire Village's Outstanding Debt

As mentioned in the financial highlights section of this document, the Foxfire Village maintained its A bond rating from Moody's Investment Service, Standard and Poor's Corporation and the North Carolina Municipal Council, a division of the Carolinas Advisory Council. This bond rating is an indication of the sound financial condition of the Foxfire Village. This achievement is a factor in keeping interest costs low on the Village's outstanding debt.

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for Foxfire Village is \$16,250,674.

Additional information regarding the Foxfire Village's long-term debt can be found in NOTE 2.B.5.b. 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 Foxfire Village

- Increased residential construction occurred during the year. Applications for building permits increased. There was an increase in new home construction in fiscal year end June 30, 2022.

Budget Highlights for the Fiscal Year Ending June 30, 2023

Governmental Activities: The Village has approved a \$1,248,450 General Fund budget for fiscal year 2023. This is a decrease of 6% from the prior year. The property tax rate for fiscal year 2023 has remained at 38 cents per \$100 of assessed valuation.

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 Finance Officer, Foxfire Village, 1 Town Hall Drive, Foxfire Village, North Carolina 27281.

BASIC FINANCIAL STATEMENTS

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 1,963,518	\$ 1,225,811	\$ 3,189,329
Taxes receivable (net)	11,342	-	11,342
Accounts receivable (net)	-	34,000	34,000
Due from other governments	102,428	667	103,095
Prepaid expense	3,276		
Restricted cash and cash equivalents	-	10,497	10,497
Total current assets	<u>2,080,564</u>	<u>1,270,975</u>	<u>3,351,539</u>
Capital assets			
Land, non-depreciable improvements and construction in progress	453,148	85,035	538,183
Other capital assets, net of depreciation	1,033,631	736,022	1,769,653
Total capital assets	<u>1,486,779</u>	<u>821,057</u>	<u>2,307,836</u>
Total assets	<u>\$ 3,567,343</u>	<u>\$ 2,092,032</u>	<u>\$ 5,659,375</u>
DEFERRED OUTFLOWS OF RESOURCES			
Assessments	32,251	4,149	36,400
Pension deferrals-LGERS	60,510	6,723	67,233
Pension deferrals-LEO	32,050	-	32,050
Total deferred outflows of resources	<u>124,811</u>	<u>10,872</u>	<u>135,683</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	\$ 35,383	\$ 874	\$ 36,257
Customer deposits	-	10,497	10,497
Compensated absences	14,123	1,854	15,977
Installment notes payable - current	-	25,241	25,241
Total current liabilities	<u>49,506</u>	<u>\$ 38,466</u>	<u>87,972</u>
Non-current liabilities			
Compensated absences	14,123	1,854	15,977
Installment notes payable	-	25,629	25,629
Net pension liability (LGERS)	33,539	3,727	37,266
Total pension liability (LEO)	108,235	-	108,235
Total non-current liabilities	<u>155,897</u>	<u>31,210</u>	<u>187,107</u>
Total liabilities	<u>\$ 205,403</u>	<u>\$ 69,676</u>	<u>\$ 275,079</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	1,359	-	1,359
Pension deferrals-LGERS	55,886	6,210	62,096
Pension deferrals-LEO	10,179	-	10,179
Total deferred inflows of resources	<u>67,424</u>	<u>6,210</u>	<u>73,634</u>
NET POSITION			
Net investments in capital assets	\$ 1,486,779	770,187	2,256,966
Restricted for:			
Stabilization by State Statute	134,679	-	134,679
Prepaid expenses	3,276	-	3,276
Future recreational	-	-	-
Future well reserve	-	236,076	236,076
Future water tank maintenance	-	75,000	75,000
Unrestricted	<u>1,794,593</u>	<u>945,755</u>	<u>2,740,348</u>
Total net position	<u>\$ 3,419,327</u>	<u>\$ 2,027,018</u>	<u>\$ 5,446,345</u>

FOX FIRE VILLAGE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Exhibit 2

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business-type Activities	Total
Primary government							
Governmental activities							
General government	\$ 220,358	\$ 34,797	\$ -	\$ -	\$ (185,561)	\$ -	\$ (185,561)
Public safety	517,338	346	-	45,027	(471,965)	-	(471,965)
Economic development	-	-	-	166,041	166,041	-	166,041
Transportation	222,289	-	-	51,552	(170,737)	-	(170,737)
Cultural and recreational	102,589	15,227	-	-	(87,362)	-	(87,362)
Total governmental activities	<u>1,062,574</u>	<u>50,370</u>	<u>-</u>	<u>262,620</u>	<u>(749,584)</u>	<u>-</u>	<u>(749,584)</u>
Business-type activities							
Water and sewer	<u>226,329</u>	<u>357,767</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>131,438</u>	<u>131,438</u>
Total primary government	<u>\$ 1,288,903</u>	<u>\$ 408,137</u>	<u>\$ -</u>	<u>\$ 262,620</u>	<u>(749,584)</u>	<u>131,438</u>	<u>(618,146)</u>
General revenues							
Taxes							
Property taxes, levied for general purposes					775,336	-	775,336
Grants and contributions, not restricted to specific programs					546,992	-	546,992
Unrestricted investment earnings					359	215	574
Miscellaneous					10,343	11,710	22,053
Transfers					(40,968)	40,968	-
Total general revenues and transfers					<u>1,292,062</u>	<u>52,893</u>	<u>1,344,955</u>
Change in net position					542,478	184,331	726,809
Net position, beginning					<u>2,876,849</u>	<u>1,842,687</u>	<u>4,719,536</u>
Net position, ending					<u>\$ 3,419,327</u>	<u>\$ 2,027,018</u>	<u>\$ 5,446,345</u>

FOXFIRE VILLAGE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2022

Exhibit 3

	Major Fund		Total
		American Rescue	General
	<u>General</u>	<u>Plan Fund</u>	<u>Government</u>
ASSETS			
Cash and cash equivalents	\$ 1,963,518	\$ -	\$ 1,963,518
Receivables, net			
Taxes	11,342	-	11,342
Due from other governments	102,428	-	102,428
Prepaid expense	3,276	-	3,276
Total assets	<u>\$ 2,080,564</u>	<u>\$ -</u>	<u>\$ 2,080,564</u>
DEFERRED OUTFLOWS OF RESOURCES			
Assessments	32,251	-	32,251
Total deferred outflows of resources	<u>32,251</u>	<u>-</u>	<u>32,251</u>
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts payable and accrued liabilities	\$ 35,383	\$ -	\$ 35,383
Total liabilities	<u>35,383</u>	<u>-</u>	<u>35,383</u>
DEFERRED INFLOWS OF RESOURCES			
Prepaid taxes	1,359	-	1,359
Tax Receivable	11,342	-	11,342
Total deferred inflows of resources	<u>12,701</u>	<u>-</u>	<u>12,701</u>
Fund balances			
Restricted			
Stabilization by State Statute	134,679	-	134,679
Prepaid expense	3,276	-	3,276
Committed			
Capital improvements	150,067	-	150,067
Police vehicle	75,000	-	75,000
Police separation allowance	55,000	-	55,000
K-9	2,158	-	2,158
Streets	432,000	-	432,000
Cultural and recreational	50,000	-	50,000
Assigned			
Working capital/fund balance policy	499,380	-	499,380
Subsequent year's expenditures	-	-	-
Unassigned	663,171	-	663,171
Total fund balances	<u>2,064,731</u>	<u>-</u>	<u>2,064,731</u>
Total liabilities, deferred inflows / outflows of resources and fund balances	<u>\$ 2,112,815</u>	<u>\$ -</u>	<u>\$ 2,112,815</u>
Reconciliation of fund balance as reported in the balance sheet - governmental funds with net position - governmental activities			
Fund balance as reported in the balance sheet - governmental funds			\$ 2,064,731
Amounts reported for governmental activities in the statement of net position is different because			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds			1,486,779
Net pension liability			(33,539)
Total pension liability			(108,235)
Deferred outflows of resources related to pensions are not reported in the funds			92,560
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds			11,342
Compensated absences not expected to be materially liquidated with expendable available resources			(28,246)
Long-term liabilities, principally installment purchases and accrued interest payable, are not due and payable in the current period and, therefore, are not reported in the funds			-
Pension related deferrals			(66,065)
Net position of governmental activities			<u>\$ 3,419,327</u>

FOXFIRE VILLAGE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit 4

	<u>Major Fund</u>		<u>Total</u>
	<u>General</u>	<u>American Rescue Plan Fund</u>	<u>General Government</u>
REVENUES			
Ad valorem taxes	\$ 786,648	\$ -	\$ 786,648
Unrestricted intergovernmental	546,992	-	546,992
Restricted intergovernmental	96,579	166,041	262,620
Permits and fees	34,797	-	34,797
Sales and services	15,573	-	15,573
Investment earnings	359	-	359
Miscellaneous	10,343	-	10,343
Total revenues	<u>1,491,291</u>	<u>166,041</u>	<u>1,657,332</u>
EXPENDITURES			
Current			
General government	217,911	-	217,911
Public safety	569,125	-	569,125
Transportation	222,289	-	222,289
Cultural and recreational	209,504	-	209,504
Total expenditures	<u>1,218,829</u>	<u>-</u>	<u>1,218,829</u>
Revenues over expenditures	272,462	166,041	438,503
Other financing sources (uses)			
Transfer to/from ARPA special revenue fund	<u>125,073</u>	<u>(166,041)</u>	<u>(40,968)</u>
Total other financing sources (uses)	<u>125,073</u>	<u>(166,041)</u>	<u>125,073</u>
Net change in fund balance	397,535	-	397,535
Fund balances, beginning	<u>1,667,196</u>	<u>-</u>	<u>1,667,196</u>
Fund balances - ending	<u>\$ 2,064,731</u>	<u>\$ -</u>	<u>\$ 2,064,731</u>

FOXFIRE VILLAGE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$	397,535
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. As a result, the gain/loss on disposal of those assets would also differ between the two statements in an amount equal to the basis of the asset reported on the date of disposal		
Capital outlay		198,918
Depreciation		(43,742)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		28,692
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		-
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds		
Taxes including interest and penalties		(11,312)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds		
Compensated absences		(2,833)
Pension expense-LGERS		(12,585)
Pension expense-LEO		(12,195)
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. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		-
Total change in net position of governmental activities	\$	<u>542,478</u>

FOXFIRE VILLAGE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

Exhibit 5

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

Net changes in fund balances - total governmental funds	\$	397,535
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. As a result, the gain/loss on disposal of those assets would also differ between the two statements in an amount equal to the basis of the asset reported on the date of disposal		
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Total change in net position of governmental activities	\$	<u>542,478</u>

FOXFIRE VILLAGE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2022

Exhibit 6

	Original	Final	Actual Amounts	Variance with Final Budget - Positive (Negative)
REVENUES				
Ad valorem taxes	\$ 722,000	\$ 722,000	\$ 786,648	\$ 64,648
Unrestricted intergovernmental	379,050	379,050	546,992	167,942
Restricted intergovernmental	39,000	63,500	96,579	33,079
Permits and fees	8,000	8,000	34,797	26,797
Sales and services	4,600	4,600	15,573	10,973
Investment earnings	200	200	359	159
Miscellaneous	-	2,000	10,343	8,343
Total revenues	<u>1,152,850</u>	<u>1,179,350</u>	<u>1,491,291</u>	<u>311,941</u>
EXPENDITURES				
Current				
General government	275,040	238,800	217,911	20,889
Public safety	552,110	612,616	569,125	43,491
Transportation	258,780	258,780	222,289	36,491
Cultural and recreational	<u>151,920</u>	<u>218,920</u>	<u>209,504</u>	<u>9,416</u>
Total expenditures	<u>1,237,850</u>	<u>1,329,116</u>	<u>1,218,829</u>	<u>110,287</u>
Revenues over (under) expenditures	<u>(85,000)</u>	<u>(149,766)</u>	<u>272,462</u>	<u>422,228</u>
Other financing sources				
Transfer from ARPA special revenue fund	-	-	125,073	125,073
Transfer to police vehicle capital reserve	25,000	25,000	-	(25,000)
Fund balance appropriated	<u>60,000</u>	<u>124,766</u>	-	<u>(124,766)</u>
Total other financing sources	<u>85,000</u>	<u>149,766</u>	<u>125,073</u>	<u>(24,693)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	397,535	<u>\$ 397,535</u>
Fund balances - beginning			<u>1,667,196</u>	
Fund balances - ending			<u>\$ 2,064,731</u>	

FOXFIRE VILLAGE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2022

Exhibit 7

	<u>Water and Sewer Fund</u>
ASSETS	
Current assets	
Cash and cash equivalents	\$ 1,225,811
Restricted cash and cash equivalents	10,497
Accounts receivable (net)	34,000
Due from other governments	667
Total current assets	<u>1,270,975</u>
Noncurrent assets	
Capital assets	
Land, non-depreciable improvements and construction in progress	85,035
Other capital assets, net of depreciation	736,022
Total capital assets, net	<u>821,057</u>
Total assets	<u>\$ 2,092,032</u>
DEFERRED OUTFLOWS OF RESOURCES	
Assessments	4,149
Pension deferral-LGERS	6,723
Total deferred outflows of resources	<u>10,872</u>
LIABILITIES	
Current liabilities	
Accounts payable and accrued liabilities	\$ 874
Customer deposits	10,497
Compensated absences payable - current	1,854
Notes payable - current	25,241
Total current liabilities	<u>38,466</u>
Noncurrent liabilities	
Other noncurrent liabilities	
Net pension liability-LGERS	3,727
Compensated absences payable - noncurrent	1,854
Notes payable - noncurrent	25,629
Total noncurrent liabilities	<u>31,210</u>
Total liabilities	<u>69,676</u>
DEFERRED INFLOWS OF RESOURCES	
Pension deferrals-LGERS	6,210
Total deferred inflows of resources	<u>6,210</u>
NET POSITION	
Net investment in capital assets	770,187
Restricted future well reserve	236,076
Restricted future water tank maintenance	75,000
Unrestricted	945,755
Total net position	<u>\$ 2,027,018</u>

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

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FOXFIRE VILLAGE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUND
For the Year Ended June 30, 2022

Exhibit 8

	<u>Enterprise Fund</u> <u>Water and</u> <u>Sewer Fund</u>
OPERATING REVENUES	
Charges for services	\$ 274,557
Water and sewer taps	<u>83,210</u>
Total operating revenues	<u>357,767</u>
OPERATING EXPENSES	
Water treatment and distribution	165,281
Depreciation and amortization	<u>59,224</u>
Total operating expenses	<u>224,505</u>
Operating income	<u>133,262</u>
NONOPERATING REVENUES (EXPENSES)	
Investment earnings	215
Miscellaneous revenue	11,710
Interest and other charges	<u>(1,824)</u>
Total nonoperating revenues (expenses), net	<u>10,101</u>
Revenues over expenditures	143,363
Other financing sources	
Transfer from ARPA fund	<u>40,968</u>
Total other financing sources	<u>40,968</u>
Net change in fund balance	184,331
Total net position, beginning	<u>1,842,687</u>
Total net position, ending	<u>\$ 2,027,018</u>

FOXFIRE VILLAGE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2022

Exhibit 9
Page 1 of 2

	Business-Type Activities Enterprise Fund Water Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash received from customers	\$ 326,366
Cash paid for goods and services	(93,905)
Cash paid to or on behalf of employees for services	(50,418)
Customer deposits received	9,160
Customer deposits returned	(6,873)
	<u>184,330</u>
Net cash provided by operating activities	
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Principal paid on bonds, notes and capital leases	(24,654)
Interest paid on bonds, notes and capital leases	(1,824)
Acquisition and construction of capital assets	(9,311)
Transfer from other funds	40,968
Miscellaneous revenue	11,710
	<u>16,889</u>
Net cash provided by capital and related financing activities	
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest on investments	215
Net cash provided by investing activities	<u>215</u>
Net increase in cash and cash equivalents	201,434
Balances, beginning	<u>1,034,874</u>
Balances, ending	<u>\$ 1,236,308</u>

FOXFIRE VILLAGE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For the Fiscal Year Ended June 30, 2022

Exhibit 9
Page 2 of 2

	Business-Type Activities
	<u>Enterprise Fund</u>
	<u>Water and Sewer Fund</u>
Reconciliation of operating income to net cash provided by operating activities	
Operating income	\$ <u>133,262</u>
Adjustment to reconcile operating income to net cash provided by operating activities	
Depreciation	59,224
Changes in assets and liabilities	
(Increase) in accounts receivable	(10,911)
Decrease in due from other governments	1,530
Decrease in assessments	889
Increase in accounts payable and accrued liabilities	254
Increase in customer deposits	2,287
Increase in compensated absences payable	104
(Increase) Decrease in deferred outflows of resources-pensions	158
Increase (Decrease) in net pension liability-LGERS	(8,340)
Increase (Decrease) in deferred inflows of resources-pensions	<u>5,873</u>
Total adjustments	<u>51,068</u>
Net cash provided by operating activities	\$ <u>184,330</u>

NOTES TO THE FINANCIAL STATEMENTS

These notes are intended to communicate information necessary for a fair presentation of financial position and results of operations that are not readily apparent from, or cannot be included in, the financial statements themselves. The notes supplement the financial statements, and are an integral part thereof, and are intended to be read in conjunction with the financial statements.

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Foxfire Village, North Carolina conforms to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

Foxfire Village, North Carolina, is a municipal corporation which is governed by a five-member Council and a mayor elected by the Council. As required by generally accepted accounting principles, these financial statements present the Village.

B. Basis of Presentation

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

The statement of activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Village and 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. Separate statements for each fund category – *governmental and proprietary* – are presented. The Village has no fiduciary funds to report. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental funds are aggregated and reported as non-major funds.

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 ad valorem taxes, State grants, and various other taxes and licenses. The primary expenditures are for public safety, street maintenance and construction, recreation services, and employee benefits and compensation.

American Rescue Plan Act. The American Rescue Plan Act (ARPA) accounts for the transactions related to ARPA funds.

The Village reports the following major enterprise fund:

Water Fund - This fund is used to account for the Village's water operations.

C. 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.

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

Government-wide and Proprietary and Fiduciary Fund Financial Statements. The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide and proprietary fund financial statements are reported using the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Non-exchange transactions, in which the 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, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village enterprise funds are charges to customers for sales and services. The Village recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Village considers all revenues available if they are collected within 60 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 receivables are materially past due and are not considered to be an available resource to finance the operations of the current year. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the State at year-end on behalf of the Village are recognized as revenue. Sales taxes are considered a shared revenue for Foxfire Village because the tax is levied by Moore County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally, they are not measurable until received in cash. Under the terms of grant agreements, the Village

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus and Basis of Accounting (Continued)

funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Village's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then general revenues.

D. Budgetary Data

The Village's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the general and enterprise funds. All annual appropriations lapse at fiscal year-end. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the object level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any fund. The governing Village Council must approve all amendments. During the year, several amendments to the original budget were necessary, the effects of which were not material. The budget ordinance must be adopted by July 1 of the fiscal year or the governing Village Council must adopt an interim budget that covers that time until the annual ordinance can be adopted.

E. Statement of Cash Flows

All cash and investments of the enterprise funds are maintained in cash and investment pools. Funds are available on demand from the pools. Accordingly, all cash and investments are considered cash and cash equivalents in the statement of cash flows.

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

Deposits and Investments

All deposits of the Village are made in Village Council-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.

State law [G.S. 159-30(c)] authorizes the Village to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority; obligations of certain nonguaranteed federal agencies, certain high-quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2022, The Term portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

Cash and Cash Equivalents

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

Restricted Cash

Powell Bill funds are classified as restricted because it can be expended only for purposes of maintaining, repairing, constructing, or reconstructing of local streets per G.S. 136-41.1 through 136-41.4. Customer deposits held by the Village before any services are supplied are restricted to the service for which the deposit was collected.

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities, Deferred Outflows / Inflows of Resources and Fund Equity (Continued)

Restricted Cash (Continued)

Foxfire Village Restricted Cash

	<u>Business-type Activities</u>
Customer deposits	\$ 10,497

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 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6. These taxes are based on the assessed values as of January 1, 2021.

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated and is determined primarily by the age of the receivable and management's opinion of its collectability.

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: Buildings, improvements, furniture and equipment, and vehicles, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2016 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2016 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure capitalization cost is \$100,000. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Buildings	50
Infrastructure	30
Improvements	20
Vehicles	4
Furniture and equipment	10
Computer equipment	3

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 two items that meet this criterion, assessments and pension deferrals for the 2022 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Village has several items that meet the criterion for this category - prepaid taxes, taxes receivable and pension and OPEB deferrals.

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*Continued*)

F. Assets, Liabilities, Deferred Outflows / Inflows of Resources and Fund Equity (Continued)

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or proprietary fund type statement of net position.

Compensated Absences

The vacation policies of the Village provide for the accumulation of up to forty (40) days earned vacation leave with such leave being fully vested when earned. For the Village's government-wide and proprietary fund, 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 is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

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

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Assets, Liabilities, Deferred Outflows / Inflows of Resources and Fund Equity (Continued)

Fund Balances (Continued)

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

Committed fund balance – Capital improvements, police vehicle, K-9, streets and debt service portion of fund balance that can only be used for capital improvement purposes. Any change or removal of specific purpose requires majority action by the governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Assigned fund balance – portion of fund balance that the Village of Foxfire intends to use for specific purposes.

Transportation-future debt – portion of fund balance that is assigned for future debt payments in the transportation department.

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

Working Capital/Fund Balance Policy – In 2022, the Village Council adopted a resolution establishing a fund balance policy that the Village should maintain a minimum fund balance of 35 to 40 percent of budgeted general fund expenses. As outlined in the Fund Balance Policy, funds exceeding 40 percent of the next year's budgeted expenditures shall be transferred to the Capital Reserve fund, or another restricted fund, at the discretion of the Council.

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

The Village of Foxfire has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Officer will use resources in the following hierarchy: bond proceeds, federal funds, State funds, local non-Village funds, Village funds. For purposes of fund balance classification expenditures are to be spent from restricted fund balance first, followed in-order by committed fund balance, assigned fund balance and lastly unassigned fund balance. The Finance Officer has the authority to deviate from this policy if it is in the best interest of the Village.

G. Other

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

H. Pensions

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

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS

A. 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 these units' names. 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 noninterest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the 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, and this risk may increase in periods of high cash flows.

However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The 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. The Village has no formal policy regarding custodial credit risk for deposits.

At June 30, 2022, the Village's deposits had a carrying amount of \$3,199,826 and a bank balance of \$3,263,669. Of the bank balance, \$250,000 was covered by federal depository insurance and \$3,013,669 was covered by collateral held under the pooling method.

Receivables

Due from Other Governmental Agencies

At June 30, 2022, funds due from other governmental agencies consisted of the following:

<u>Governmental Activities</u>	<u>General Fund</u>	<u>Enterprise Fund</u>
Local option sales tax	\$ 82,262	\$ -
Sales and gas tax refunds	12,403	667
Moore County	<u>7,763</u>	<u>-</u>
Total	\$102,428	\$ 667

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

A. Assets (Continued)

Capital Assets

Capital asset activity for the year ended June 30, 2022, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Governmental activities				
Capital assets not being depreciated				
Land	\$ 453,148	\$ -	\$ -	\$ 453,148
Construction in progress	-	-	-	-
Total capital assets not being depreciated	<u>453,148</u>	<u>-</u>	<u>-</u>	<u>453,148</u>
Capital assets being depreciated				
Buildings	940,810	-	-	940,810
Other improvements	194,724	121,085	-	315,809
Equipment	80,724	42,377	-	123,101
Vehicles and motorized equipment	<u>120,027</u>	<u>35,456</u>	<u>-</u>	<u>155,483</u>
Total capital assets being depreciated	<u>1,336,285</u>	<u>198,918</u>	<u>-</u>	<u>1,535,203</u>
Less accumulated depreciation				
Buildings	207,558	19,925	-	227,483
Other improvements	102,235	6,138	-	108,373
Equipment	80,724	-	-	80,724
Vehicles and motorized equipment	<u>67,313</u>	<u>17,679</u>	<u>-</u>	<u>84,992</u>
Total accumulated depreciation	<u>\$ 457,830</u>	<u>\$ 43,742</u>	<u>\$ -</u>	<u>501,572</u>
Total capital assets being depreciated, net	<u>878,455</u>			<u>1,033,631</u>
Governmental activity capital assets, net	<u>\$1,331,603</u>			<u>\$ 1,486,779</u>

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

General government	\$11,726
Public safety	17,344
Cultural and recreational	<u>14,672</u>
Total depreciation expense	<u>\$43,742</u>

	Beginning Balances	Increases	Decreases	Ending Balances
Business-type activities				
Capital assets not being depreciated				
Land	\$ 85,035	\$ -	\$ -	\$ 85,035
Total capital assets not being depreciated	<u>85,035</u>	<u>-</u>	<u>-</u>	<u>85,035</u>
Capital assets being depreciated				
Plant and distribution system	1,882,509	-	-	1,882,509
Vehicles and motorized equipment	-	-	-	-
Other equipment	<u>189,184</u>	<u>9,310</u>	<u>-</u>	<u>198,494</u>
Total capital assets being depreciated	<u>2,071,693</u>	<u>9,310</u>	<u>-</u>	<u>2,081,003</u>
Less accumulated depreciation				
Plant and distribution system	1,155,919	46,6456	-	1,202,375
Vehicles and motorized equipment	-	-	-	-
Other equipment	<u>129,838</u>	<u>12,768</u>	<u>-</u>	<u>142,606</u>
Total accumulated depreciation	<u>1,285,757</u>	<u>\$ 59,224</u>	<u>\$ -</u>	<u>1,344,981</u>
Total capital assets being depreciated, net	<u>785,935</u>			<u>736,022</u>
Business-type activity capital assets, net	<u>\$ 870,970</u>			<u>\$ 821,057</u>

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities

1. Pension Plan Obligations

a. Local Governmental Employees' Retirement System

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

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Foxfire Village employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Foxfire Village's contractually required contribution rate for the year ended June 30, 2022, was 12.04% of compensation for law enforcement officers and 11.44% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from Foxfire Village were \$31,578 for the year ended June 30, 2022.

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

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.

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

At June 30, 2022, the Village reported a liability of \$37,266 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions. The Village's proportion of the net pension asset 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 (measurement date), the Village's proportion was 0.000243%, which was a decrease of (0.00064%) from its proportion measured as of June 30, 2020.

For the year ended June 30, 2022, the Village recognized pension expense of \$13,211. At June 30, 2022, 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	\$ 11,856	\$ -
Changes of assumptions	23,413	-
Net difference between projected and actual earnings on pension plan investments	-	53,242
Changes in proportion and differences between Village contributions and proportionate share of contributions	386	8,854
Village contributions subsequent to the measurement date	31,578	-
Total	<u>\$ 67,233</u>	<u>\$ 62,096</u>

\$31,578 reported as deferred outflows of resources related to pensions resulting from Village contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2022	\$ 569
2023	(4,411)
2024	(6,308)
2025	(16,293)
2026	-
Thereafter	-
Total	<u>\$ (26,443)</u>

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

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	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 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, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 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	<u>100%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 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.

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

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

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

	1% Decrease <u>(5.50%)</u>	Discount Rate <u>(6.50 %)</u>	1% Increase <u>(7.50%)</u>
Foxfire Village's proportionate share of the net position liability (asset)	\$ 144,665	\$ 37,266	\$(51,116)

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

b. Law Enforcement Officers Special Separation Allowance

Plan Description

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

All full-time law enforcement officers of the Village are covered by the Separation Allowance. At December 31, 2020, 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	<u>3</u>
Total	<u>3</u>

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. 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 are recognized when due and payable in accordance with the terms of the plan.

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

Actuarial Assumptions

The entry age actuarial cost method was used in the December 31, 2020 valuation. 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	2.50 percent
Salary increases	3.25 to 7.75 percent, including inflation and productivity factor
Discount rate	2.25 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, 2020.

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 amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Village's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings.

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

At June 30, 2022, the Village reported a total pension liability of \$108,235. The total pension liability was measured as of December 31, 2021 based on a December 31, 2020 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2021 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2022, the Village recognized pension expense of \$12,195.

FOX FIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 4,103	\$ 3,949
Changes of assumptions	27,947	6,230
Benefit payments and plan administrative expense made subsequent to the measurement date	-	
Total	<u>\$ 32,050</u>	<u>\$ 10,179</u>

There were no deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2023. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2023	\$ 3,685
2024	3,685
2025	3,841
2026	3,344
2027	3,508
Thereafter	3,808

There were no benefits payments and \$330 of administrative expenses subsequent to the measurement date reported as deferred outflows of resources.

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 2.25 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-point lower (1.25 percent) or 1-percentage-point higher (3.25 percent) than the current rate:

	<u>1% Decrease (1.25%)</u>	<u>Discount Rate (2.25%)</u>	<u>1% Increase (3.25%)</u>
Total pension liability	\$ 121,804	\$ 108,235	\$ 95,951

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

1. Pension Plan Obligations (Continued)

b. Law Enforcement Officers Special Separation Allowance (Continued)

Law Enforcement Officers' Special Separation Allowance

Beginning balance	\$ 108,722
Service cost	6,082
Interest on the total pension liability	2,098
Changes of benefit terms	-
Difference between expected and actual experience	
In the measurement of the total pension liability	(4,468)
Changes of assumptions or other inputs	(4,199)
Benefit payments	-
Other	-
Net Changes	<u>\$ (487)</u>
Total Pension Liability as of December 31, 2021	\$ 108,235

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

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

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

	LGERS	LEOSSA	TOTAL
Pension Expense	\$ 13,211	\$ 12,195	\$ 25,406
Pension Liability	37,266	108,235	145,501
Proportionate share of the net pension liability	0.002430%	N/A	
Deferred of Outflows of Resources			
Differences between expected and actual experience	11,856	4,103	15,959
Changes of assumptions	23,413	27,947	51,360
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	386		386
Benefits payments and administrative costs paid subsequent to the measurement date	31,578	-	31,578
Deferred of Inflows of Resources			
Differences between expected and actual experience	-	3,949	3,949
Changes of assumptions	-	6,230	6,230
Net difference between projected and actual earnings on plan investments	53,242	-	53,242
Changes in proportion and differences between contributions and proportionate share of contributions	8,854	-	8,854

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

c. 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 Village Council of Trustees. The Plan provides retirement benefits to law enforcement officers 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 Annual Comprehensive Financial Report for the State of North Carolina. The State's Annual Comprehensive Financial Report includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12E of G.S. Chapter 143 requires the Village to contribute each month an amount equal to five percent of law enforcement officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the plan. Contributions for the year ended June 30, 2022 were \$10,434, which consisted of \$7,789 from the Village and \$2,645 from law enforcement officers.

The Village has also elected for all permanent full-time employees not engaged in law enforcement to be covered under the Supplemental Retirement Income Plan. The Village contributes 5% of employee's monthly compensation to the plan, and the employees may make voluntary contributions. Total contributions for the year ended June 30, 2022 for employees were \$17,565, which consisted of \$5,604 from the Village and \$11,961 from employees.

2. Other Employment Benefits

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

3. Deferred Outflows and Inflows of Resources

The Village had several deferred outflows of resources.

Deferred outflows of resources are comprised of the following:

<u>Source</u>	<u>Amount</u>
Assessments (General)	\$ 32,251
Assessments (Business Type)	4,149
Pension deferrals-LGERS (General)	60,510
Pension deferrals-LGERS (Business Type)	6,723
Pension deferrals-LEO (General)	<u>32,050</u>
Total	<u>\$ 135,683</u>

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

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

Prepaid taxes (General)	1359
Pension deferrals-LGERS (General)	55,886
Pension deferrals-LGERS (Business Type)	6,210
Pension deferrals-LEO (General)	<u>10,179</u>
Total	<u>\$ 73,634</u>

4. 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 three self-funded risk-financing pools administered by the North Carolina League of Municipalities. Through these pools, the Village obtains general liability, auto liability, police professional and public official's liability coverage of \$3 million per occurrence, property coverage up to \$1,503,288 and workers' compensation and employee benefit liability coverage up to \$1 million. No flood insurance is held by the Village since no Village property is in a flood plain.

In accordance with G.S. 159-29, the Village 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 and tax collector are individually bonded for \$50,000 and \$10,000 each respectively. The remaining employees that have access to funds are bonded under a blanket bond for \$25,000.

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.

5. Long-Term Obligations

a. Promissory Note Payable – Water and Well Project

Requirements to retire this debt are as follows:

On July 23, 2008, the Village executed a promissory note payable to BB&T to finance the Hoffman Road Well Project. Effective July 1, 2022 the Village refinanced this note with First Bank and the following terms are noted:

The note requires seven annual payments of \$26,448 including interest with a final payment of \$25,553 at a fixed rate of 2.35%, and is secured by a first lien security interest on 2643 Hoffman Road well site and a UCC filing on all pipes, valves, and fittings associated with the project. The scheduled date for final repayment is August 1, 2023.

Annual requirements to retire this debt are as follows:

Year Ending June 30:	Principal	Interest	Total
2023	\$ 25,241	\$ 1,209	\$ 26,450
2024	25,629	602	26,231
2025	-	-	-
Total	<u>\$ 50,870</u>	<u>\$ 1,811</u>	<u>\$ 52,681</u>

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 2 - DETAIL NOTES ON ALL FUNDS (Continued)

B. Liabilities (Continued)

5. Long-Term Obligations (Continued)

b. Changes in long-term liabilities

The following is a summary of changes in the Village's long-term debt for the year ended June 30, 2022:

	<u>Bal. July 1, 2021</u>	<u>Increase</u>	<u>Decrease</u>	<u>Bal. June 30, 2022</u>	<u>Current Portion</u>
Governmental Activities:					
Net pension liability (LGERS)	\$ 97,637	\$ -	\$ 64,098	\$ 33,539	\$ -
Total pension liability (LEO)	108,722	-	487	108,235	-
Compensated absences	25,413	3,681	848	28,246	14,123
Total	<u>\$ 231,772</u>	<u>\$ 3,681</u>	<u>\$ 65,433</u>	<u>\$ 170,020</u>	<u>\$ 14,123</u>
Business-Type Activities:					
Water Well Project	\$ 75,524	\$ -	\$ 24,654	\$ 50,870	\$ 25,241
Net pension liability (LGERS)	12,067	-	8,340	3,727	-
Compensated absences	3,604	1,959	1,855	3,708	1,854
Total	<u>\$ 91,195</u>	<u>\$ 1,959</u>	<u>\$ 34,849</u>	<u>\$ 58,305</u>	<u>\$ 27,095</u>
Total long-term debt	<u>\$ 322,967</u>	<u>\$ 5,640</u>	<u>\$100,282</u>	<u>\$ 228,325</u>	<u>\$ 41,218</u>

6. Legal Debt Margin

At June 30, 2022, Foxfire Village has a legal debt margin (maximum borrowing ability) of \$16,250,674.

7. Interfund Balances and Activity

Transfers to/from other funds at June 30, 2022, consist of the following:

From the ARPA Fund to the General Fund to fund for payroll related expenditures	\$ 125,073
From the ARPA Fund to the Water/Sewer Fund to fund for payroll related expenditures	40,968

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts provided matching funds for various grant programs.

NOTE 3 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

A. Federal and State Assisted Programs

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

FOX FIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

NOTE 4 – FUND BALANCE

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

Total fund balance – General Fund	\$2,064,731
Less:	
Stabilization by State Statute	134,679
Prepaid expense	3,276
Capital Improvements	150,067
Police separation allowance	55,000
Police vehicle	75,000
K-9	2,158
Streets	432,000
Cultural and recreation	50,000
Working Capital/Fund Balance Policy	499,380
Subsequent year's expenditures	-
Remaining Fund Balance	663,171

NOTE 5 – REIMBURSEMENTS FOR PANDEMIC-RELATED EXPENDITURES

In FY 2020/21, the American Rescue Plan Act (ARPA) established the Coronavirus State and Local Fiscal Recovery Funds to support urgent COVID-19 response efforts and replace lost revenue for the eligible state, local, territorial, and tribal governments. The Village was allocated \$332,082 of fiscal recovery funds to be paid in two equal installments. The first installment was received of \$166,041 in July 2021. The second installment will be received in July 2022. Revenue replacement funds will be transferred to the appropriate funds once the intended use of the funds is determined.

NOTE 6 – CORONAVIRUS DISEASE (COVID-19)

During the fiscal year 2020, the World Health Organization declared the spread of Coronavirus Disease (COVID-19) a worldwide pandemic. The COVID-19 pandemic has had significant effects on global markets, supply chains, businesses, and communities. Specific to the Village, COVID-19 is expected to impact various parts of its fiscal year 2021-22 operations and financial results. Management believes the Village is taking appropriate actions to mitigate the negative impact. However, the full impact of COVID-19 is unknown and cannot be reasonably estimated as events associated with the pandemic continue to develop.

Required Supplemental Financial Data

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

- Schedule of Proportionate Share of Net Pension Asset for Local Government Employees' Retirement System
- Schedule of Contributions to Local Government Employees' Retirement System
- Schedule of Changes in Total Pension Liability
- Schedule of Total Pension Liability as a Percentage of Covered Payroll

FOXFIRE VILLAGE, NORTH CAROLINA
Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Eight Fiscal Years *

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Foxfire Village's proportion of the net pension liability (asset) (%)	0.00243%	0.00307%	0.00328%	0.00352%	0.00321%	0.00326%	0.00296%	0.00347%
Foxfire Village's proportion of the net pension liability (asset) (\$)	\$ 37,266	\$ 109,704	\$ 89,574	\$ 83,506	\$ 49,040	\$ 69,188	\$ 13,284	\$ (20,464)
Foxfire Village's covered-employee payroll	\$ 260,196	\$ 220,748	\$ 215,828	\$ 209,575	\$ 203,960	\$ 176,882	\$ 180,208	\$ 182,220
Foxfire Village's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	14.32%	49.70%	41.50%	39.85%	24.04%	39.12%	7.37%	(11.23%)
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	91.63%	94.18%	91.47%	98.09%	99.07%	102.64%	94.35%

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

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

FOXFIRE VILLAGE, NORTH CAROLINA
Foxfire Village's Contributions
Required Supplementary Information
Last Eight Fiscal Years

Local Government Employees' Retirement System

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 31,578	\$ 24,290	\$ 20,857	\$ 17,734	\$ 16,615	\$ 15,612	\$ 11,690	\$ 7,889
Contributions in relation to the contractually required contribution	<u>31,578</u>	<u>24,290</u>	<u>20,857</u>	<u>17,734</u>	<u>16,615</u>	<u>15,612</u>	<u>11,690</u>	<u>7,889</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 299,757	\$ 260,196	\$ 220,748	\$ 215,828	\$ 209,575	\$ 203,960	\$ 176,882	\$ 180,208
Contributions as a percentage of covered-employee payroll	10.52%	9.33%	9.44%	8.21%	7.92%	7.64%	6.60%	4.38%

FOXFIRE VILLAGE, NORTH CAROLINA
SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SIX FISCAL YEARS*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 108,722	\$ 67,923	\$ 57,004	\$ 53,740	\$ 43,357	\$ 40,089
Service cost	6,082	4,407	3,909	4,178	3,464	3,642
Interest on the total pension liability	2,098	2,214	2,075	1,698	1,674	1,431
Changes of benefit terms	-	-	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(4,468)	3,156	1,557	1,334	31	-
Changes of assumptions or other inputs	(4,199)	31,022	3,378	(3,946)	5,214	(1,805)
Benefits payments	-	-	-	-	-	-
Other changes	-	-	-	-	-	-
Ending balance of the total pension liability	<u>\$ 108,235</u>	<u>\$ 108,722</u>	<u>\$ 67,923</u>	<u>\$ 57,004</u>	<u>\$ 53,740</u>	<u>\$ 43,357</u>

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

FOXFIRE VILLAGE, NORTH CAROLINA
SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST SIX FISCAL YEARS

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 108,235	\$ 108,722	\$ 67,923	\$ 57,004	\$ 53,740	\$ 43,357
Covered Payroll	123,146	124,413	119,396	115,929	110,190	133,174
Total pension liability as a percentage of covered payroll	87.89%	87.39%	56.89%	49.17%	48.77%	32.56%

Notes to the schedules:

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

INDIVIDUAL FUND
BUDGETARY SCHEDULES

MAJOR GOVERNMENTAL FUNDS

General Fund – This fund accounts for resources traditionally associated with government that are not required legally or by sound financial management to be accounted for in other funds.

Coronavirus State and Local Fiscal Recovery Funds CFR 21.027 (ARPA Funds)
- The American Rescue Plan Act (ARPA) accounts for the transactions related to ARPA funds.

FOXFIRE VILLAGE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

Exhibit A-1
Page 1 of 3

	2022		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Ad valorem taxes			
Current year	\$ -	\$ 767,519	\$ -
Prior years	-	15,262	-
Penalties and interest	-	3,867	-
Total	<u>722,000</u>	<u>786,648</u>	<u>64,648</u>
Unrestricted intergovernmental			
Local option sales tax	-	457,147	-
Utility franchise tax	-	56,184	-
Telecommunications tax	-	2,172	-
Video franchise fee	-	26,226	-
Beer and wine tax	-	5,132	-
ABC Profit distribution	-	131	-
Total	<u>379,050</u>	<u>546,992</u>	<u>167,942</u>
Restricted intergovernmental			
Powell Bill allocation	-	51,552	-
Grant proceeds	-	45,027	-
Total	<u>63,500</u>	<u>96,579</u>	<u>33,079</u>
Permits and fees			
Building permits	<u>8,000</u>	<u>34,797</u>	<u>26,797</u>
Sales and services			
Pool fees	-	14,485	-
Foxfire merchandise	-	37	-
Park fees	-	705	-
Arrest fees	-	346	-
Total	<u>4,600</u>	<u>15,573</u>	<u>10,973</u>
Investment earnings	<u>200</u>	<u>359</u>	<u>159</u>
Miscellaneous			
Other	-	8,293	-
Public contributions	-	2,050	-
Total	<u>2,000</u>	<u>10,343</u>	<u>8,343</u>
Total revenues	<u>1,179,350</u>	<u>1,491,291</u>	<u>311,941</u>

FOXFIRE VILLAGE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

Exhibit A-1
Page 2 of 3

	2022		Variance
	Budget	Actual	Positive (Negative)
Expenditures			
General Government			
General administration			
Salaries and employee benefits	-	122,484	-
Other operating expenditures	-	90,297	-
Capital outlay	-	5,130	-
Total general government	238,800	217,911	20,889
Public Safety			
Police			
Salaries and employee benefits	-	254,515	-
Other operating expenditures	-	68,267	-
Capital outlay	-	72,703	-
Total	434,106	395,485	38,621
Fire			
Other operating expenditures	-	173,640	-
Total	178,510	173,640	4,870
Total public safety	612,616	569,125	43,491
Transportation			
Streets and highways			
Other operating expenditures	-	222,289	-
Total transportation	258,780	222,289	36,491
Cultural and recreational			
Salaries and employee benefits	-	14,832	-
Other operating expenditures	-	73,587	-
Capital outlay	-	121,085	-
Total cultural and recreational	218,920	209,504	9,416

FOXFIRE VILLAGE, NORTH CAROLINA
GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL
For the Fiscal Year Ended June 30, 2022

Exhibit A-1
Page 3 of 3

	2022		Variance
	Budget	Actual	Positive (Negative)
Total expenditures	<u>1,329,116</u>	<u>1,218,829</u>	<u>110,287</u>
Revenues over (under) expenditures	<u>(149,766)</u>	<u>272,462</u>	<u>422,228</u>
Other financing sources			
Transfer from ARPA special revenue fund	-	125,073	125,073
Transfer to police vehicle capital reserve	25,000	-	(25,000)
Fund balance appropriated	<u>124,766</u>	<u>-</u>	<u>(124,766)</u>
Total other financing sources	<u>149,766</u>	<u>125,073</u>	<u>(24,693)</u>
Net change in fund balance	<u>\$ -</u>	<u>397,535</u>	<u>\$ 397,535</u>
Fund balance, beginning		<u>1,667,196</u>	
Fund balance, ending		<u>\$ 2,064,731</u>	

FOX FIRE VILLAGE, NORTH CAROLINA
CORONAVIRUS STATE AND LOCAL FISCAL RECOVERY FUNDS CFR 21.027 (ARPA FUNDS)
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL
From Inception and for the Fiscal Year Ended June 30, 2022

Exhibit A-2

	Project Authorization	Prior Year	Actual Current Year	Total to Date	Variance Positive (Negative)
Revenues					
Contributions					
American Rescue Plan revenue	\$ 332,082	\$ -	\$ 166,041	\$ 166,041	\$ (166,041)
Total revenues	<u>332,082</u>	<u>-</u>	<u>166,041</u>	<u>166,041</u>	<u>(166,041)</u>
Other financing sources (uses)					
Transfer to general fund	(250,000)	-	(125,073)	(125,073)	124,927
Transfer to water and sewer fund	<u>(82,082)</u>	<u>-</u>	<u>(40,968)</u>	<u>(40,968)</u>	<u>41,114</u>
Total financing sources (uses)	<u>(332,082)</u>	<u>-</u>	<u>(166,041)</u>	<u>(166,041)</u>	<u>166,041</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund balance					
Beginning of year, July 1			<u>-</u>		
End of year, June 30			<u>\$ -</u>		

ENTERPRISE FUNDS

Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of net income is appropriate for accountability purposes.

Water Fund - This fund is used to account for the Village's water operations.

	2022		Variance
	Budget	Actual	Positive (Negative)
Revenues			
Charges for services			
Water sales	\$ -	\$ 274,557	\$ -
Water taps	-	83,210	-
Total	290,000	357,767	67,767
Nonoperating revenues			
Interest earnings	-	215	-
Miscellaneous	-	11,710	-
Total	800	11,925	11,125
Total revenues	290,800	369,692	78,892
Expenditures			
Water treatment and distribution			
Salaries and employee benefits	-	47,965	-
Other operating expenditures	-	119,521	-
Total	414,800	167,486	247,314
Capital outlay	9,000	9,312	(312)
Debt service			
Principal retirement	25,000	24,654	-
Interest and fees	2,000	1,824	-
Total	27,000	26,478	522
Total expenditures	450,800	203,276	247,524
Revenues over (under) expenditures	(160,000)	166,416	326,416
Other financing sources (uses)			
Transfer from ARPA fund	-	40,968	40,968
Transfer to elevated tank fund	(15,000)	-	15,000
Total other financing resources	(15,000)	40,968	15,000
Fund balance appropriated	175,000	-	(175,000)
Revenues and other sources over expenditures and other uses	\$ -	\$ 207,384	\$ 207,384

	2022		Variance
	Budget	Actual	Positive (Negative)
Reconciliation from budgetary basis (modified accrual) to full accrual:			
Revenues over expenditures		\$ 207,384	
Reconciling items:			
Principal retirement		24,654	
Depreciation		(59,224)	
Capital outlay		9,312	
(Increase) in accrued vacation pay		(104)	
Increase (Decrease) in deferral outflows of resources - pensions		(158)	
(Increase) Decrease in net pension liability		8,340	
(Increase) Decrease in deferral inflows of resources - pensions		(5,873)	
Total reconciling items		(23,053)	
Change in net position		\$ 184,331	

Other Schedules

This section includes additional information on property taxes.

- *Schedule of Ad Valorem Taxes Receivable*
- *Analysis of Current Tax Levy*

FOXFIRE VILLAGE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
June 30, 2022

Exhibit C-1

<u>Fiscal Year</u>	<u>Uncollected Balance June 30, 2021</u>	<u>Additions</u>	<u>Collections and Credits</u>	<u>Uncollected Balance June 30, 2022</u>
2021-2022	\$ -	\$ 771,907	\$ 767,519	\$ 4,388
2020-2021	8,699	-	6,882	1,817
2019-2020	8,058	-	6,574	1,484
2018-2019	1,022	-	365	657
2017-2018	885	-	365	520
2016-2017	884	-	364	520
2015-2016	884	-	365	519
2014-2015	826	-	347	479
2013-2014	479	-	-	479
2012-2013	479	-	-	479
2011-2012	438	-	438	-
	<u>\$ 22,654</u>	<u>\$ 771,907</u>	<u>\$ 783,219</u>	<u>11,342</u>
Less: Allowance for uncollectible accounts General Fund				<u>-</u>
Ad valorem taxes receivable - net				<u>\$ 11,342</u>
Reconcilement with revenues:				
Taxes - ad valorem - General Fund				\$ 786,648
Adjustments/Releases				876
Taxes written off				<u>(438)</u>
Subtotal				787,086
Less interest collected				<u>(3,867)</u>
Total collections and credits				<u>\$ 783,219</u>

FOXFIRE VILLAGE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
CITY-WIDE LEVY
6/30/2022

Exhibit C-2

	Town-Wide Levy			Total Levy	
	Property Valuation	Rate	Total Levy	Property excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxes at current year's rate	\$ 203,286,579	\$.38	\$ 772,489	\$ 683,484	\$ 89,005
Penalties	-		-	-	-
Total	<u>203,286,579</u>		<u>772,489</u>	<u>683,484</u>	<u>89,005</u>
Abatements	(153,158)	\$.38	(582)	(582)	-
Discoveries	<u>-</u>	<u>\$.38</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total property valuation	<u>\$ 203,133,421</u>				
Net levy			771,907	682,902	89,005
Uncollected taxes at June 30, 2022			<u>4,388</u>	<u>4,388</u>	<u>-</u>
Current year's taxes collected			<u>\$ 767,519</u>	<u>\$ 678,514</u>	<u>\$ 89,005</u>
Current levy collection percentage			<u>99.43%</u>	<u>99.36%</u>	<u>100.00%</u>

COMPLIANCE

220 East Washington Street
Post Office Box 697
Rockingham, North Carolina 28380
(910) 557-1176

Other Office Locations:
West End, North Carolina
Gastonia, North Carolina
Huntersville, North Carolina

Report on Internal Control Over Financial Reporting and on Compliance
and Other Matters Based on an Audit of Financial Statements Performed in Accordance
with Government Auditing Standards

Independent Auditors' Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities and each major fund of the Foxfire Village, North Carolina, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprises the Foxfire Village's basic financial statements, and have issued our report thereon dated November 1, 2022.

Report on Internal Control Over Financial Reporting

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

Our consideration of internal control was for limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a deficiency in internal control, described in the accompanying schedule of findings and questioned costs as item 2022-1 that we consider to be a significant deficiency.

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

FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022

Report on Compliance and Other Matters

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

Foxfire Village's Response to Findings

The Foxfire Village's response to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. The Village's response was not subjected to the auditing procedures applied in the audit of the financial statements and accordingly, we express no opinion on it.

Purpose of this Report

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



Rockingham, NC
November 1, 2022

**FOXFIRE VILLAGE, NORTH CAROLINA
NOTES TO THE FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2022**

Section I - Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? *No*
- Significant deficiency(ies) identified that are not considered to be material weaknesses *Yes*

Noncompliance material to financial statements noted *No*

Federal Awards

None

State Awards

None

Section II – Financial Statement Findings

Finding 2022-1

SIGNIFICANT DEFICIENCY

Segregation of Duties

Criteria: Segregation of duties provides checks and balances to reduce possibilities for misstatements resulting from errors in judgment, dishonesty, personal carelessness, distraction and fatigue.

Condition: The Village has a limited number of personnel for accounting functions which creates inherent limitations on the effectiveness of certain controls due to the lack of segregation of duties among the Village's personnel.

Effect: Potential misstatement of financial statements.

Cause: The Village has a limited number of personnel for accounting functions which creates inherent limitations on the effectiveness of certain controls due to the lack of segregation of duties among the Village's personnel.

Identification of a repeat finding: This is a repeat finding from the immediate previous audit, 2021-1.

Recommendations: The Council should continually keep in mind that internal controls are limited due to the size of the Village's staff.

Views of responsible officials and planned corrective actions: The Council agrees with this finding and will adhere to the correction action plan in this audit report.

Section III – Federal Award findings and questioned costs

None reported.

Section IV – State Award findings and questioned costs

None reported.



One Town Hall Drive
Foxfire Village, North Carolina 27281

Corrective Action Plan
For the Fiscal Year Ended June 30, 2022

Finding 2022-1 Segregation of Duties

Name of Contact Person: Janice Gregorich, Finance Director

Corrective Action Plan: The Council should continually keep in mind that internal controls are limited due to the size of the Village's staff and monitor accordingly.

Proposed Completion Date: Management will implement the above procedures immediately.