

**TOWN OF CORNELIUS
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

TOWN OF CORNELIUS NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2019

**PREPARED BY:
FINANCE DEPARTMENT**

**FINANCE DIRECTOR:
JULIE NISWONGER**



TOWN OF CORNELIUS, NORTH CAROLINA
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FOR THE YEAR ENDED JUNE 30, 2019

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INTRODUCTORY SECTION





October 24, 2019

To the Honorable Mayor, Town Board of Commissioners, and Citizens of the Town of Cornelius:

State law requires that all municipal local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the comprehensive annual financial report of the Town of Cornelius for the fiscal year ended June 30, 2019 is hereby issued.

This report consists of management's representations concerning the finances of the Town of Cornelius. Consequently, management assumes full responsibility for the completeness and reliability of all information presented in this report. To provide a reasonable basis for making these representations, Town management has established a comprehensive internal control framework that is designed both to protect the governmental assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the Town of Cornelius financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the Town of Cornelius' comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. Town management asserts that, to the best of their knowledge and belief, this financial report is complete and reliable in all material respects.

Martin Starnes & Associates, CPAs, PA, a licensed certified public accounting firm, has audited the Town of Cornelius' financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Cornelius for the fiscal year ended June 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Cornelius' financial statements for the fiscal year ended June 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The Comprehensive Annual Financial Report is designed to meet the needs of a wide range of financial statement users. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The Town of Cornelius' MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Cornelius covers an area of approximately 15 square miles and is located in the northern portion of Mecklenburg County between the City of Charlotte and Iredell County. Situated in the Piedmont section of the state, the Town is 230 miles from the Atlantic Ocean and 125 miles from the Blue Ridge Mountains. The major highways intersecting the Town are Interstate 77, NC 115, NC 73, and NC 21.

The Town is located around Lake Norman, North Carolina's largest lake. The Town has approximately 70 miles of developable shoreline within the Town's planning jurisdiction. Local lake oriented attractions include a lakefront golf course and many marinas, greenways, restaurants, and housing options all available on the lake.

The Town was incorporated in 1905 and serves a population of 31,737. The Town enjoys a mild climate and benefits from proximity to the Charlotte major metropolitan market for tourism and race or lake themed activities, shopping, and employment opportunities. The Town also participates in many regional economic initiatives with nearby neighbors on Lake Norman including Huntersville and Davidson.



The Town operates under the Council-Manager form of government. The Town is governed by a mayor and five commissioners elected on an at-large, non-partisan basis every two years. The next election is scheduled for November 5, 2019.

The Mayor presides over all board meetings and can only vote to break a tie vote. The Board of Commissioners is the legally constituted law-making and policy-making body of the Town. The major duties of the Town Board include adoption of an annual budget, establishing the annual ad valorem tax rate, enacting local ordinances, and appointing the Town Manager and members of various board and commissions. The Town Board also has the authority to call bond referenda, enter into contracts, determine local zoning criteria, and approve debt instruments.

The Town Manager and Town Attorney serve at the discretion of the Town Board. The Town Manager is responsible for the daily municipal operations, including preparation and proposal of the annual budget and hiring employees. The Town Manager serves as the link between the elected body and Town employees.



The Town Manager supervises and coordinates the activities of Town departments, attends Town meetings, and makes recommendations on Town business. The Manager and Manager's Office ascertains that all orders and policies of the Town Board are implemented, recommends the annual budget, and represents the Town in business with other parties.

The Town of Cornelius provides a full range of governmental services, including public safety, the construction and maintenance of highways, streets, sidewalks, and other infrastructure. The Town provides a wide range of cultural, recreational, and programming activities through its PARC (Parks, Art, Recreation, and Culture) Department, and provides planning, zoning, and code enforcement actions through the Planning and Land Development function.

The Town contracts with independent providers to deliver garbage collection, fire protection, and stormwater services to residents, businesses and other stakeholders. The Town also provides Electric distribution services within its defined territory in the town limits.

The annual budget serves as the foundation for the Town's financial planning and control. The Town budget is adopted by ordinance in accordance with the General Statutes of North Carolina, which requires estimated revenues and expenditures to be balanced. The budget includes only expenditures and revenues expected during the fiscal year. The budget is adopted on a modified accrual basis. The Board approves capital project ordinances for major capital items that span more than one fiscal year.

All expected operating funds are included in the Budget Ordinance and are expended in accordance with the adopted ordinance. The Board also approves changes to the schedule of fees. The fiscal year budget, by State Statute, begins July 1 and ends June 30.

The Local Government Budget and Fiscal Control Act establishes the dates by which each stage of the annual budget process is to be completed. Departmental requests are to be submitted to the budget officer before April 30. The manager's recommended budget must be given to the Town Board by June 1, and the Town Board must enact the budget ordinance by July 1.

The Town of Cornelius' budget process begins in December with the development of the capital improvement program (CIP). The CIP is a five-year forecasting tool that shows capital costs by function in each respective year of the forecast period. The CIP is presented early in the budget process at the annual budget workshop with the Town Board and includes the estimated impact on future years' operating

budget. The CIP consists of all expenditures for equipment, vehicles, and construction for all funds. All expenditures exceeding \$50,000 or higher are included in the CIP.

The operating budget, consisting of segments for salaries and benefits, operating costs, transfers, and support to outside agencies is sent to department managers in January. Each department submits recommended goals with funding requests to the budget team (consisting of Town Manager, Finance



Director, Deputy Town Manager, and Assistant Town Manager) at the end of January. The first review of the budget is presented to the Town Board at a budget workshop in March. The budget proposal is tweaked during numerous budget discussions, and the Town Manager makes a final budget presentation to the Board in May. The Town Board calls for a budget public hearing in May/June, and following the public comment period, the Town Board adopts the annual budget ordinance, including setting the property tax rate for the year.

The appropriated budget is prepared by fund and adopted at the department level (police, planning, public works, and others). Department heads may request the Town Manager approve transfers among line items within a department. Transfers of appropriations between departments, however, require the approval of the Town Board. Budget to actual comparisons are provided quarterly in report form for Board review and comment. This comparison is presented as part of the basic financial statements for the governmental funds. The Town Board receives biennial reports of all budget to actual comparison for funds other than the general fund.

Specific to the fiscal 2020 budget, the Town is pursuing several new projects. In the operating budget, the Town has funded an HR Director position ½ year beginning in January 2020. Capital initiatives in fiscal 2020 include Bailey Road Park tennis and pickleball complex/park land, sidewalk improvements, crosswalk safety improvements, fire boat refurbishment and engine replacement, crash data retrieval tool, video surveillance program improvements, continued park and street bond improvements, and planning/design for other intersection improvements.

Factors Affecting Financial Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the Town of Cornelius operates.

Local economy. The Town is largely (83%) a residential community, and continues to increase its efforts to diversify its tax base. While abundant lakefront communities contribute substantially to the Town tax base, there are also shopping centers, Charlotte Mecklenburg Schools, numerous medical and professional office buildings, and banking financial centers that provide varied employment opportunities.



Because Cornelius retains a small town suburban atmosphere, the municipality benefits from proximity to Charlotte and the Lake Norman region, whose population has swelled to over 100,000. New construction includes multi-family dwellings, several restaurants, and retailers. Regionally, Fortune 100 company, Lowe's Home Improvement Warehouse, has moved its headquarters to within 6 miles of the Town corporate limits, and numerous employment opportunities abound in the nearby Charlotte region, such as multiple financial institutions, Duke Energy, and Atrium Health, formally Carolinas Healthcare System. The Town has contributed financially to the regional employment efforts of the Lake Norman Regional Economic Development Corporation and Commerce Station.

Cornelius' economy and the Town budget continues to be influenced by the Comprehensive Master Plan. This document is expected to determine how we grow beyond our current population of 31,737 by updating land uses, and recommending capital improvements such as roads, sidewalks, greenways, and expanded park facilities.

Long-term financial planning. In November 2013, Town voters approved a \$20.4 million bond referendum for roads, parks, and Town Center redevelopment. In June 2015, the Town issued \$9.685 million of this debt to ease traffic congestion at busy intersections, increase connectivity, provide new and renovated park facilities, and substantially expand the Town greenway network. Other planned uses of fund balance include the Willow Stream restoration project and intersection improvements at Torrence Chapel Road-West Catawba and NC Highway 21 and Catawba Avenue. These long-term capital financing tools, coupled with the Town five-year financial forecast illustrate the Town's focus on providing necessary capital cost effectively to future capital users. Also, in November 2019, Town voters approved another \$24 million bond referendum for road improvements.

The Comprehensive Master Plan document provides a guide to how the community of over 30,000 is planned to evolve in 2020 and beyond. The document contemplates future changes, such as continued

implementation of the diverging diamond interchange, sidewalk connectivity, and greenway improvements to the Town Pedestrian Plan, and positive influence on new employment opportunities and community activity centers.

The Town Board has placed particular focus on efforts to develop capital through the use of varied financing instruments. The Town is exploring pay-as-you-go basis by funding a future capital reserve. The Town continues to seek public support through donations for projects such as animal shelter operations, and monuments.



The Town Board developed an Electric Fund capital plan which includes anticipated future rate provisions and necessary system substation maintenance and upgrades while providing for new customer development. Other rate pressures include green energy compliance and utility line burial.

Overall, the Town is meeting the demands of the present while constantly planning for

the future using a variety of funding tools. As always, the Town of Cornelius places the priority consideration on preservation of high quality of life for its citizens.

Financial policies and practices. Efforts to maintain appropriate internal controls and sound financial practices are frequently updated. Previous examples include the fund balance policy update which initiated funding the transportation capital reserve fund. The Town Board has reviewed expanding investment portfolio positions to enhance yield. The Town also took efforts to limit costs associated with other post-employment benefits to employees who serve the Town less than 20 years. Such policies complement the existing cash and investment policy, personnel policy, and risk management efforts.

Other Information

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cornelius for its comprehensive annual financial report for the fiscal year ended June 30, 2018. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express my sincere appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit must also be given to the Town Manager, Assistant Manager, Mayor, and Town Board for their support for maintaining the highest standards of professionalism in the management of the Town's finances.

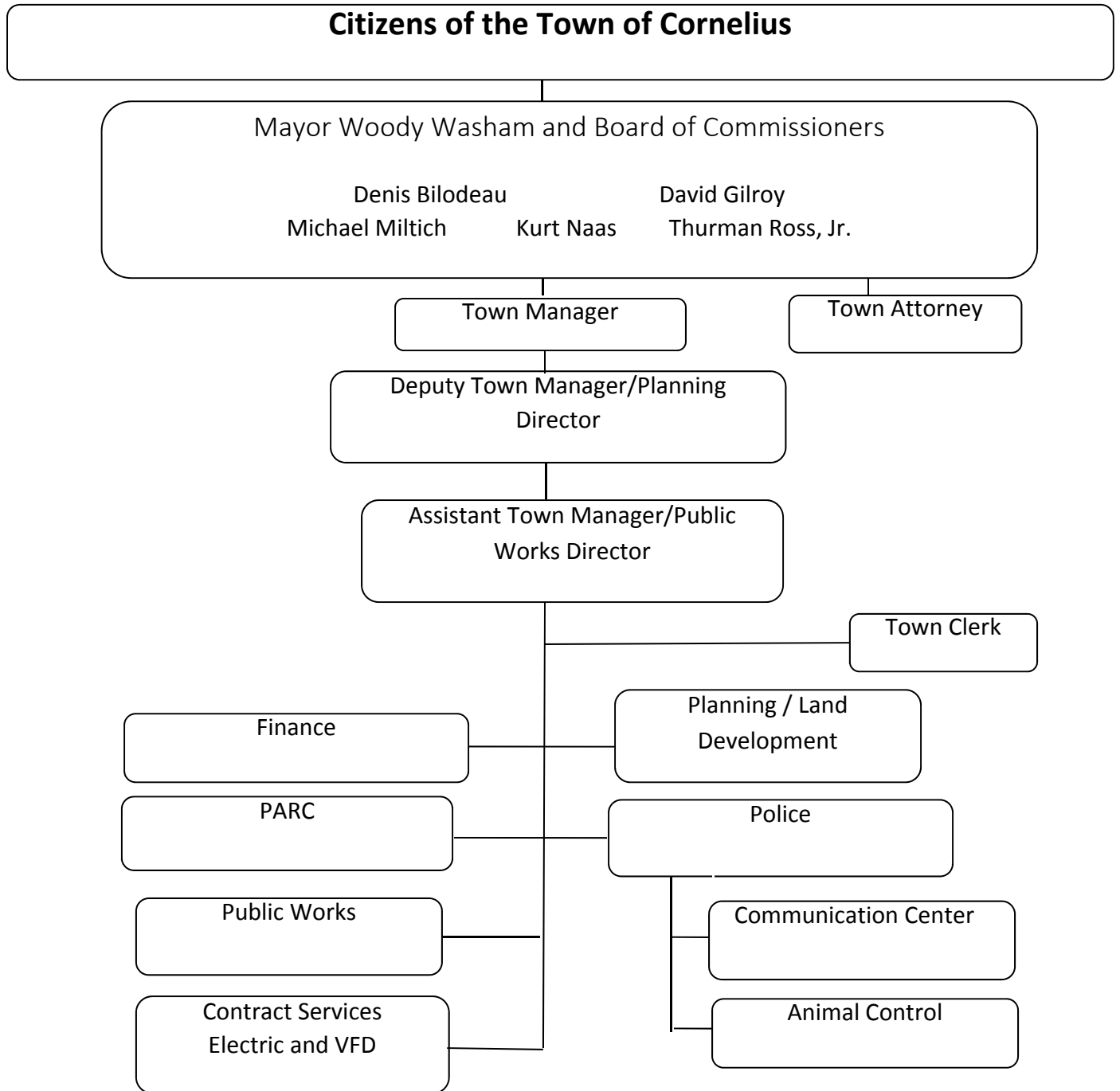
Respectfully submitted,

Julie Niswonger

Julie Niswonger
Finance Director

Town of Cornelius, North Carolina

Organizational Chart





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**Town of Cornelius
North Carolina**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morrill

Executive Director/CEO

TOWN OF CORNELIUS, NORTH CAROLINA
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2019

LIST OF PRINCIPAL OFFICIALS

Elected Officials – Board of Commissioners

Mayor.....	Woody Washam
Mayor Pro Tem/ Town Commissioner.....	Michael Miltich
Town Commissioner.....	Denis Bilodeau
Town Commissioner.....	David Gilroy
Town Commissioner.....	Kurt Naas
Town Commissioner.....	Thurman Ross, Jr.

Town Appointed Officials

Town Manager.....	Andrew Grant
Town Attorney.....	Bringewatt & Snover PLLC
Town Clerk.....	Lori Harrell
Deputy Town Manager/Planning Director.....	Wayne Herron
Assistant Town Manager/Public Works Supervisor.....	Tyler Beardsley
Finance Director.....	Julie Niswonger
Parks, Art, Recreation and Culture Director.....	Troy Fitzsimmons
Police Chief.....	Kevin Black

FINANCIAL SECTION



MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Cornelius
Cornelius, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cornelius, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cornelius, North Carolina, as of June 30, 2019 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.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cornelius' basic financial statements. The introductory section, combining and individual fund financial statements, budgetary schedules, other schedules, statistical tables, as well as the accompanying Schedule of Expenditures of Federal and State Awards as required by Title 2 U.S. *Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain other procedures; including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements, or 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 combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and; accordingly, we do not express an opinion or provide assurance on them.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 24, 2019 on our consideration of the Town of Cornelius' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Cornelius' 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 the Town of Cornelius' internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 24, 2019



Management's Discussion and Analysis

As management of the Town of Cornelius, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Cornelius for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

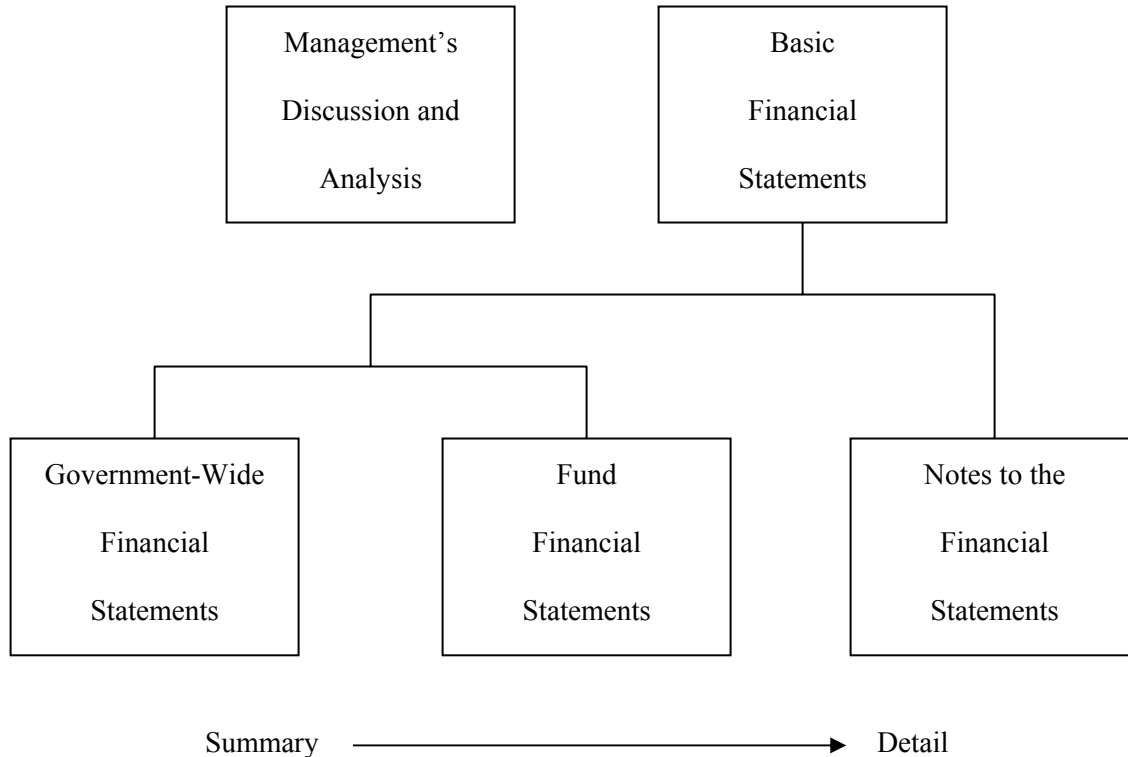
- The assets and deferred outflows of resources of the Town of Cornelius exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$80,261,055 (*net position*).
- The Town's net position increased by \$6,637,232, primarily due to growth in capital assets of \$3,336,444 which resulted mainly from infrastructure improvements, park land and improvements and motor vehicles.
- As of the close of the current fiscal year, the Town of Cornelius' governmental funds reported combined ending fund balances of \$37,179,597, with a net increase of \$10,440,324 in fund balance. Approximately 42.8 percent of this total amount, or \$15,903,929, is non-spendable or restricted.
- At the end of the current fiscal year, available fund balance for the General Fund was \$15,186,217, which represents 57.9 percent of total General Fund expenditures and transfers to other funds for the fiscal year.
- The Town of Cornelius' total debt increased by \$7,080,711 (51.6%) during the current fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Reports

Figure 1



Basic Financial Statements

The first two statements (Exhibits A and B) in the basic financial statements are the **Government-Wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits C through K) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are four parts to the fund financial statements: 1) the governmental funds statements; 2) the budgetary comparison statements; 3) the proprietary fund statements, and 4) the fiduciary fund statements.

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

Government-Wide Financial Statements

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

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

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

The government-wide financial statements are on Exhibits A and B of this report.

Fund Financial Statements. The fund financial statements (see Figure 1) provide a more detailed look at the Town's most significant activities. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town of Cornelius, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Cornelius are governmental funds.

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

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

Proprietary Funds. The Town of Cornelius has one proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Cornelius uses enterprise funds to account for its electric operations. These funds are 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 begin on page 26 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Cornelius' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 73 of this report.

Interdependence with Other Entities

The Town depends on financial resources flowing from, or associated with, both the federal government and the State of North Carolina. Because of this dependency, the Town is subject to changes in specific flows of intergovernmental revenues based on modifications to federal and state laws and federal and state appropriations. It is also subject to changes in investment earnings and asset values associated with U.S. Treasury Securities because of actions by foreign governments and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

Town of Cornelius' Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 39,966,898	\$ 29,282,730	\$ 3,876,372	\$ 3,364,682	\$ 43,843,270	\$ 32,647,412
Capital assets, net	60,180,450	56,766,778	5,435,262	5,512,490	65,615,712	62,279,268
Total assets	<u>100,147,348</u>	<u>86,049,508</u>	<u>9,311,634</u>	<u>8,877,172</u>	<u>109,458,982</u>	<u>94,926,680</u>
Deferred Outflows of Resources	<u>2,296,599</u>	<u>1,573,287</u>	<u>-</u>	<u>-</u>	<u>2,296,599</u>	<u>1,573,287</u>
Liabilities:						
Long-term liabilities outstanding	27,500,407	19,376,239	51,455	77,182	27,551,862	19,453,421
Other liabilities	2,758,210	2,387,204	807,663	783,835	3,565,873	3,171,039
Total liabilities	<u>30,258,617</u>	<u>21,763,443</u>	<u>859,118</u>	<u>861,017</u>	<u>31,117,735</u>	<u>22,624,460</u>
Deferred Inflows of Resources	<u>376,791</u>	<u>251,684</u>	<u>-</u>	<u>-</u>	<u>376,791</u>	<u>251,684</u>
Net Position:						
Net investment in capital assets	51,399,791	49,983,641	5,383,807	5,435,308	56,783,598	55,418,949
Restricted	3,716,807	2,687,009	-	-	3,716,807	2,687,009
Unrestricted	16,691,941	12,937,018	3,068,709	2,580,847	19,760,650	15,517,865
Total net position	<u>\$ 71,808,539</u>	<u>\$ 65,607,668</u>	<u>\$ 8,452,516</u>	<u>\$ 8,016,155</u>	<u>\$ 80,261,055</u>	<u>\$ 73,623,823</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 resources of the Town of Cornelius exceeded liabilities and deferred inflows of resources by \$80,261,055 as of June 30, 2019. The Town's net position increased by \$6,637,232 for the fiscal year ended June 30, 2019. However, a large portion (70.7%) reflects the Town's investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Cornelius uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Cornelius' net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the Town of Cornelius' net position, \$3,716,807, or (4.6%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$19,760,650 is unrestricted.

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

- The Town increased its net position as a result of capital projects during the year. Examples of capital expenditures during the year include park land, synthetic turf, road resurfacing, and annual vehicle purchases.
- The Town's property tax revenue, sales tax distributions, and franchise tax revenue, and the prepared food and beverage revenue all had a positive impact on the Town's cash position.

Town of Cornelius' Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program Revenues:						
Charges for services	\$ 1,023,418	\$ 1,024,386	\$ 6,789,623	\$ 6,618,464	\$ 7,813,041	\$ 7,642,850
Operating grants and contributions	2,314,551	2,042,861	-	-	2,314,551	2,042,861
Capital grants and contributions	1,266,105	96,137	-	-	1,266,105	96,137
General revenues:						
Property taxes	14,415,240	14,093,480	-	-	14,415,240	14,093,480
Other taxes	574,464	538,564	-	-	574,464	538,564
Other - unrestricted	7,887,583	7,085,081	14,626	7,967	7,902,209	7,093,048
Total revenues	<u>27,481,361</u>	<u>24,880,509</u>	<u>6,804,249</u>	<u>6,626,431</u>	<u>34,285,610</u>	<u>31,506,940</u>
Expenses:						
General government	2,261,191	4,069,355	-	-	2,261,191	4,069,355
Public safety	10,022,509	9,150,439	-	-	10,022,509	9,150,439
Transportation	1,734,771	659,823	-	-	1,734,771	659,823
Environmental protection	2,221,519	2,047,279	-	-	2,221,519	2,047,279
Economic and physical development	1,031,889	1,167,279	-	-	1,031,889	1,167,279
Cultural and recreation	3,456,777	3,102,510	-	-	3,456,777	3,102,510
Interest on long-term debt	551,834	300,753	-	-	551,834	300,753
Electric	-	-	6,367,888	6,274,610	6,367,888	6,274,610
Total expenses	<u>21,280,490</u>	<u>20,497,438</u>	<u>6,367,888</u>	<u>6,274,610</u>	<u>27,648,378</u>	<u>26,772,048</u>
Change in net position	<u>6,200,871</u>	<u>4,383,071</u>	<u>436,361</u>	<u>351,821</u>	<u>6,637,232</u>	<u>4,734,892</u>
Net Position:						
Beginning of year, July 1	65,607,668	62,038,361	8,016,155	7,664,334	73,623,823	69,702,695
Restatement	-	(813,764)	-	-	-	(813,764)
Beginning of year, as restated	<u>65,607,668</u>	<u>61,224,597</u>	<u>8,016,155</u>	<u>7,664,334</u>	<u>73,623,823</u>	<u>68,888,931</u>
End of year, June 30	<u>\$ 71,808,539</u>	<u>\$ 65,607,668</u>	<u>\$ 8,452,516</u>	<u>\$ 8,016,155</u>	<u>\$80,261,055</u>	<u>\$ 73,623,823</u>

Governmental Activities. Governmental activities increased the Town's net position by \$6,200,871, thereby, accounting for 93.4% of the total growth in the net position of the Town of Cornelius. Key elements of this increase are as follows:

- The Town has increased its net position as a result of increased sales tax revenue. Other revenues showing positive trend lines include prepared food and beverage tax and investment earnings.
- Revenues continue to outpace expenditures in spite of our investment in capital assets, such as land and vehicle purchases.

Business-Type Activities. Business-type activities increased the Town of Cornelius' net position by \$436,361, accounting for 6.6% of the total growth in the government's net position. This increase in net position is due to increased customers and buildout. Charges for services increased by \$181,931, or 2.7%, while expenses increased by \$104,050, or 1.7%, primarily due to electrical operations.

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Cornelius. At the end of the current fiscal year, fund balance available for the General Fund was \$15,186,217, while total fund balance reached \$16,990,662. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 57.9% of total General Fund expenditures and transfers to other funds, while total fund balance represents 64.8% of that same amount.

At June 30, 2019, the governmental funds of the Town of Cornelius reported a combined fund balance of \$37,179,597, with a net increase in fund balance of \$10,440,324. In addition to the General Fund, the Town's other governmental funds consists of the Emergency Telephone System Fund and various capital project funds. Fund balance in the Emergency Telephone System Fund was \$323,462, an increase of \$90,084, due to decreased capital purchases and decreased funding from the 911 Board. The combined major and nonmajor capital project funds reported fund balance of \$13,537,666, an increase of \$2,538,953. The majority of this increase was due to a large transfer to the Capital Reserve Capital Project Fund as a result of a 1.5 cent property tax increase to fund road projects.

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

Revenues were more than the budgeted amounts primarily as a result of higher than expected sales tax distributions (\$290,822) and interest earnings (\$333,211). Expenditures were under budget in transportation due to Diverging Diamond Interchange delays for the landscaping project, delays in bi-annual road resurfacing for FY2019, and issued less debt than anticipated for the park land project. Significant budget amendments during the year included a transfer to establish the art center capital project fund.

Proprietary Funds. The Town of Cornelius' proprietary fund provides the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$3,068,709. The total change in net position for the Electric Fund was an increase of \$436,361. The change in net position of the Electric Fund is a result of construction buildout.

Capital Assets and Debt Administration

Capital Assets. The Town of Cornelius' investment in capital assets for its governmental and business-type activities as of June 30, 2019 totals \$65,615,712 (net of accumulated depreciation). These assets include land, roads, buildings, machinery, equipment, vehicles, and park facilities.

Major capital transactions during the year are detailed below:

- Street and park bond design and construction expenditures.
- Police vehicles and a fire truck and related equipment.
- Park land and synthetic turf.

Town of Cornelius' Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 9,114,950	\$ 8,428,119	\$ -	\$ -	\$ 9,114,950	\$ 8,428,119
Buildings and system	8,664,870	9,053,128	5,181,018	5,276,566	13,845,888	14,329,694
Equipment	2,139,125	1,220,978	59,959	21,421	2,199,084	1,242,399
Computer equipment	850,349	839,144	-	-	850,349	839,144
Infrastructure	29,268,025	29,759,781	-	-	29,268,025	29,759,781
Vehicles	2,389,074	1,938,133	194,285	214,503	2,583,359	2,152,636
Construction in progress	7,754,057	5,527,495	-	-	7,754,057	5,527,495
Total	<u>\$ 60,180,450</u>	<u>\$ 56,766,778</u>	<u>\$ 5,435,262</u>	<u>\$ 5,512,490</u>	<u>\$ 65,615,712</u>	<u>\$ 62,279,268</u>

Additional information on the Town's capital assets can be found in the notes to basic financial statements on pages 40-42.

Long-Term Debt. As of June 30, 2019, the Town of Cornelius had total bonded debt outstanding of \$14,320,000, all of which is debt backed by the full faith and credit of the Town. The remainder of the Town's debt represents installment financing contracts secured by specific collateral.

Town of Cornelius' Outstanding Debt
Figure 5

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>	<u>2019</u>	<u>2018</u>
General obligation bonds	\$ 14,320,000	\$ 8,190,000	\$ -	\$ -	\$ 14,320,000	\$ 8,190,000
Premium on bonds	754,752	225,846	-	-	754,752	225,846
Direct placement installment purchases	5,684,179	5,236,647	51,455	77,182	5,735,634	5,313,829
Total	<u>\$ 20,758,931</u>	<u>\$ 13,652,493</u>	<u>\$ 51,455</u>	<u>\$ 77,182</u>	<u>\$ 20,810,386</u>	<u>\$ 13,729,675</u>

The Town of Cornelius' governmental activities total debt increased by \$7,080,711 (51.6%) during the past fiscal year. The Town of Cornelius' business-type activities total debt decreased by \$25,727 (33.3%) during the past fiscal year. New governmental debt was issued for Parks Bond, Street Bonds, park land, a synthetic turf field, and various vehicles in the amount of \$9,067,370. Accounting standards require that the Town record the liability associated with other post-employment benefits of \$2,145,148. Finally, the Town's total annual debt service payments were made, resulting in principal reductions of \$1,944,800.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Cornelius is approximately \$438,486,330.

The Town continues to maintain less than 10% of the annual General Fund budget in debt service. Additional information regarding the Town of Cornelius' long-term debt can be found beginning on page 60 of this report.

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the economic condition of the Town:

- *Ad Valorem Taxes.* The Town of Cornelius' assessed value will be significantly impacted by the first Mecklenburg County property revaluation in eight years. The Town has adopted a two penny over revenue neutral tax rate. The tax rate will be reduced from \$.255 in FY 2019 to \$.222 per \$100 of assessed valuation in FY 2020.
- *Sales Tax and Franchise Tax.* The Town's sales tax receipts have a positive five-year trend line. FY 2019 represents the Town's highest amount of sales tax revenue at \$3,983,699. Finally, the Town's FY 2019 franchise tax receipts increased slightly, continuing to benefit from a change in the electric sales tax distribution method.

Budget Highlights for the Fiscal Year Ending June 30, 2020

Governmental Activities. The Town's General Fund budget totals \$24,222,383 (net of reconciling items such as debt to be issued), which represents an increase of \$1,285,557 (or 5.3%) from FY 2019 estimated year-end expenditures. The property tax revenue budget is up 11.4%, and other tax revenues are expected to increase roughly 1%.

General Fund expenditures will continue to be heavily influenced by debt service on the Series 2015 and Series 2018 Park and Street Bonds. Capital funded in the upcoming fiscal year includes Bailey Road Park tennis and pickleball complex or park land.

Business-Type Activities. There is no FY 2020 customer rate increase in the Town's sole Enterprise Fund; however, there is a 4 cent REPS Rider rate increase. The Electric Fund's budget is planned to decrease 3% largely due to decreased capital funding related to build out.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Town of Cornelius, P.O. Box 399, Cornelius, North Carolina 28031, or e-mail to finance@cornelius.org.

BASIC FINANCIAL STATEMENTS



TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2019

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 25,029,431	\$ 2,828,368	\$ 27,857,799
Taxes receivable, net	185,887	-	185,887
Accounts receivable, net	1,475,580	870,383	2,345,963
Internal balances	84,272	(84,272)	-
Due from other governments	115,227	-	115,227
Prepaid items	208,850	287	209,137
Inventories	-	115,962	115,962
Restricted cash and cash equivalents	12,867,651	145,644	13,013,295
Total current assets	<u>39,966,898</u>	<u>3,876,372</u>	<u>43,843,270</u>
Non-current assets:			
Capital assets:			
Non-depreciable	16,869,007	-	16,869,007
Depreciable, net	<u>43,311,443</u>	<u>5,435,262</u>	<u>48,746,705</u>
Total capital assets	<u>60,180,450</u>	<u>5,435,262</u>	<u>65,615,712</u>
Total assets	<u>100,147,348</u>	<u>9,311,634</u>	<u>109,458,982</u>
Deferred Outflows of Resources:			
Pension deferrals	2,098,125	-	2,098,125
OPEB deferrals	<u>198,474</u>	<u>-</u>	<u>198,474</u>
Total deferred outflows of resources	<u>2,296,599</u>	<u>-</u>	<u>2,296,599</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	2,433,492	662,019	3,095,511
Prepaid fees	167,922	-	167,922
Accrued interest	156,796	-	156,796
Customer deposits	-	145,644	145,644
Current portion of long-term liabilities	<u>2,807,751</u>	<u>25,727</u>	<u>2,833,478</u>
Total current liabilities	<u>5,565,961</u>	<u>833,390</u>	<u>6,399,351</u>
Long-term liabilities:			
Net pension liability - LGERS	2,471,980	-	2,471,980
Net pension liability - LEOSSA	1,342,784	-	1,342,784
Net OPEB liability	2,145,148	-	2,145,148
Non-current portion of compensated absences	156,313	-	156,313
Non-current portion of long-term liabilities	<u>18,576,431</u>	<u>25,728</u>	<u>18,602,159</u>
Total non-current liabilities	<u>24,692,656</u>	<u>25,728</u>	<u>24,718,384</u>
Total liabilities	<u>30,258,617</u>	<u>859,118</u>	<u>31,117,735</u>
Deferred Inflows of Resources:			
Pension deferrals	184,362	-	184,362
OPEB deferrals	<u>192,429</u>	<u>-</u>	<u>192,429</u>
Total deferred inflows of resources	<u>376,791</u>	<u>-</u>	<u>376,791</u>
Net Position:			
Net investment in capital assets	51,399,791	5,383,807	56,783,598
Restricted for:			
Stabilization by state statute	2,506,404	-	2,506,404
Public safety	321,024	-	321,024
Transportation	889,379	-	889,379
Unrestricted	<u>16,691,941</u>	<u>3,068,709</u>	<u>19,760,650</u>
Total net position	<u>\$ 71,808,539</u>	<u>\$ 8,452,516</u>	<u>\$ 80,261,055</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF CORNELIUS, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019**

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 2,261,191	\$ 69,126	\$ 175,121	\$ -
Public safety	10,022,509	68,522	1,201,886	224,959
Transportation	1,734,771	-	771,445	-
Environmental protection	2,221,519	-	21,677	-
Economic and physical development	1,031,889	86,723	15,000	-
Cultural and recreation	3,456,777	799,047	129,422	1,041,146
Interest on long-term debt	551,834	-	-	-
Total governmental activities	<u>21,280,490</u>	<u>1,023,418</u>	<u>2,314,551</u>	<u>1,266,105</u>
Business-Type Activities:				
Electric Fund	<u>6,367,888</u>	<u>6,789,623</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 27,648,378</u>	<u>\$ 7,813,041</u>	<u>\$ 2,314,551</u>	<u>\$ 1,266,105</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

	Net Revenue (Expense) and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs:			
Primary Government:			
Governmental Activities:			
General government	\$ (2,016,944)	\$ -	\$ (2,016,944)
Public safety	(8,527,142)	-	(8,527,142)
Transportation	(963,326)	-	(963,326)
Environmental protection	(2,199,842)	-	(2,199,842)
Economic and physical development	(930,166)	-	(930,166)
Cultural and recreation	(1,487,162)	-	(1,487,162)
Interest on long-term debt	(551,834)	-	(551,834)
Total governmental activities	(16,676,416)	-	(16,676,416)
Business-Type Activities:			
Electric Fund	-	421,735	421,735
Total primary government	(16,676,416)	421,735	(16,254,681)
General Revenues:			
Taxes:			
Property tax	14,415,240	-	14,415,240
Other taxes and licenses	574,464	-	574,464
Unrestricted intergovernmental	7,140,691	-	7,140,691
Unrestricted investment earnings	746,892	14,626	761,518
Total general revenues	22,877,287	14,626	22,891,913
Change in net position	6,200,871	436,361	6,637,232
Net Position:			
Beginning of year - July 1	65,607,668	8,016,155	73,623,823
End of year - June 30	\$ 71,808,539	\$ 8,452,516	\$ 80,261,055

The accompanying notes are an integral part of the financial statements.

TOWN OF CORNELIUS, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2019

	General Fund	Capital Reserve Fund	Parks Bond Capital Project Fund	Streets Bond Capital Project Fund	Public Works Capital Project Fund	2018 Series Streets Bond Capital Project Fund	Other Governmental Funds	Total
Assets:								
Cash and investments	\$ 16,998,168	\$ 4,492,484	\$ -	\$ -	\$ -	\$ -	\$ 3,538,779	\$ 25,029,431
Taxes receivable, net	185,887	-	-	-	-	-	-	185,887
Accounts receivable, net	1,054,537	-	401,634	-	16,771	-	2,638	1,475,580
Due from other governments	115,227	-	-	-	-	-	-	115,227
Due from other funds	425,831	129,363	332,580	-	25,726	-	2,097	915,597
Prepaid items	208,850	-	-	-	-	-	-	208,850
Restricted cash and cash equivalents	889,379	-	1,180,012	3,598,010	-	6,327,807	872,443	12,867,651
Total assets	<u>\$ 19,877,879</u>	<u>\$ 4,621,847</u>	<u>\$ 1,914,226</u>	<u>\$ 3,598,010</u>	<u>\$ 42,497</u>	<u>\$ 6,327,807</u>	<u>\$ 4,415,957</u>	<u>\$ 40,798,223</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	\$ 2,043,642	\$ -	\$ 333,382	\$ -	\$ -	\$ -	\$ 56,468	\$ 2,433,492
Due to other funds	489,766	-	-	-	-	-	341,559	831,325
Prepaid fees	167,922	-	-	-	-	-	-	167,922
Total liabilities	<u>2,701,330</u>	<u>-</u>	<u>333,382</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>398,027</u>	<u>3,432,739</u>
Deferred Inflows of Resources:								
Unavailable taxes	185,887	-	-	-	-	-	-	185,887
Fund Balances:								
Non-spendable:								
Prepays	208,850	-	-	-	-	-	-	208,850
Restricted:								
Stabilization by state statute	1,595,595	129,363	734,214	-	42,497	-	4,735	2,506,404
Public safety	-	-	-	-	-	-	321,024	321,024
Cultural and recreation	-	-	1,180,012	-	-	-	872,443	2,052,455
Transportation	889,379	-	-	3,598,010	-	6,327,807	-	10,815,196
Committed:								
Transportation	-	4,492,484	-	-	-	-	478	4,492,962
Culture and recreation	-	-	-	-	-	-	2,875,153	2,875,153
Unassigned	14,296,838	-	(333,382)	-	-	-	(55,903)	13,907,553
Total fund balances	<u>16,990,662</u>	<u>4,621,847</u>	<u>1,580,844</u>	<u>3,598,010</u>	<u>42,497</u>	<u>6,327,807</u>	<u>4,017,930</u>	<u>37,179,597</u>
Total liabilities, deferred inflows of resources, and fund balances:	<u>\$ 19,877,879</u>	<u>\$ 4,621,847</u>	<u>\$ 1,914,226</u>	<u>\$ 3,598,010</u>	<u>\$ 42,497</u>	<u>\$ 6,327,807</u>	<u>\$ 4,415,957</u>	
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:								
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.								60,180,450
Deferred outflows of resources related to pensions are not reported in the funds.								2,098,125
Deferred outflows of resources related to OPEB are not reported in the funds.								198,474
Long-term liabilities, compensated absences, and interest payable are not due and payable in the current period and, therefore, are not reported in the funds.								(21,697,291)
Net pension liability - LGERS								(2,471,980)
Net pension liability - LEOSSA								(1,342,784)
Net OPEB liability								(2,145,148)
Deferred inflows of resources related to pensions are not reported in the funds.								(184,362)
Deferred inflows of resources related to OPEB are not reported in the funds.								(192,429)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be received within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.								185,887
Net position of governmental activities								<u>\$ 71,808,539</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	General Fund	Capital Reserve Fund	Parks Bond Capital Project Fund	Streets Bond Capital Project Fund	Public Works Capital Project Fund	2018 Series Streets Bond Capital Project Fund	Other Governmental Funds	Total
Revenues:								
Ad valorem taxes	\$ 14,426,414	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,426,414
Other taxes and licenses	574,464	-	-	-	-	-	-	574,464
Unrestricted intergovernmental	7,140,691	-	-	-	-	-	-	7,140,691
Restricted intergovernmental	2,118,393	-	719,179	-	-	-	184,876	3,022,448
Permits and fees	216,945	-	-	-	-	-	-	216,945
Sales and services	695,168	-	-	-	-	-	-	695,168
Investment earnings	375,765	71,613	45,422	103,193	3	117,769	33,127	746,892
Miscellaneous	347,546	-	-	-	-	-	321,967	669,513
Total revenues	<u>25,895,386</u>	<u>71,613</u>	<u>764,601</u>	<u>103,193</u>	<u>3</u>	<u>117,769</u>	<u>539,970</u>	<u>27,492,535</u>
Expenditures:								
Current:								
General government	1,903,255	-	-	-	84,811	-	-	1,988,066
Public safety	9,354,477	-	-	-	-	-	106,391	9,460,868
Transportation	2,187,281	-	-	955,837	-	-	-	3,143,118
Environmental protection	2,217,711	-	-	-	-	-	-	2,217,711
Economic and physical development	1,012,389	-	-	-	-	-	-	1,012,389
Cultural and recreation	4,389,785	-	1,173,503	-	-	-	337,363	5,900,651
Debt service:								
Principal	1,944,800	-	-	-	-	-	-	1,944,800
Interest	451,978	-	-	-	-	-	-	451,978
Total expenditures	<u>23,461,676</u>	<u>-</u>	<u>1,173,503</u>	<u>955,837</u>	<u>84,811</u>	<u>-</u>	<u>443,754</u>	<u>26,119,581</u>
Revenues over (under) expenditures	<u>2,433,710</u>	<u>71,613</u>	<u>(408,902)</u>	<u>(852,644)</u>	<u>(84,808)</u>	<u>117,769</u>	<u>96,216</u>	<u>1,372,954</u>
Other Financing Sources (Uses):								
Long-term debt issued	1,807,332	-	-	-	-	5,665,000	1,050,000	8,522,332
Bond premium	-	-	-	-	-	545,038	-	545,038
Transfers from other funds	-	784,240	-	-	-	-	1,973,322	2,757,562
Transfers to other funds	(2,757,562)	-	-	-	-	-	-	(2,757,562)
Total other financing sources (uses)	<u>(950,230)</u>	<u>784,240</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,210,038</u>	<u>3,023,322</u>	<u>9,067,370</u>
Net change in fund balances	1,483,480	855,853	(408,902)	(852,644)	(84,808)	6,327,807	3,119,538	10,440,324
Fund Balances:								
Beginning of year - July 1	<u>15,507,182</u>	<u>3,765,994</u>	<u>1,989,746</u>	<u>4,450,654</u>	<u>127,305</u>	<u>-</u>	<u>898,392</u>	<u>26,739,273</u>
End of year - June 30	<u>\$ 16,990,662</u>	<u>\$ 4,621,847</u>	<u>\$ 1,580,844</u>	<u>\$ 3,598,010</u>	<u>\$ 42,497</u>	<u>\$ 6,327,807</u>	<u>\$ 4,017,930</u>	<u>\$ 37,179,597</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF CORNELIUS, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2019

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:

Net change in fund balances - governmental funds (Exhibit D)	\$ 10,440,324
Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:	
Property taxes	(11,174)
Expenses related to interest expense that do not require current financial resources are not reported as expenditures.	(115,988)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.	6,617,582
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.	(3,203,910)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.	1,944,800
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.	(528,906)
Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.	(8,522,332)
Expenses related to the increase in vacation and sick pay and the increase in the net OPEB and pension obligations in the Statement of Activities that do not pay for current financial obligations are not reported as expenditures in the governmental funds. This adjustment is the amount of net change in these balances in the current year.	
Compensated absences	(48,715)
Pension expense - LGERS	(163,273)
Pension expense - LEOSSA	(75,969)
Other post-employment benefits	<u>(131,568)</u>
	<u>(419,525)</u>
Total changes in net position of governmental activities	\$ <u>6,200,871</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF CORNELIUS, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Over/Under
Revenues:				
Ad valorem taxes	\$ 14,120,455	\$ 14,120,455	\$ 14,426,414	\$ 305,959
Other taxes and licenses	545,000	545,000	574,464	29,464
Unrestricted intergovernmental	6,614,118	6,614,118	7,140,691	526,573
Restricted intergovernmental	959,640	1,148,640	2,118,393	969,753
Permits and fees	200,000	200,000	216,945	16,945
Sales and services	631,900	615,900	695,168	79,268
Investment earnings	119,000	119,000	375,765	256,765
Miscellaneous	776,800	799,941	347,546	(452,395)
Total revenues	23,966,913	24,163,054	25,895,386	1,732,332
Expenditures:				
Current:				
General government	2,062,665	2,064,665	1,903,255	161,410
Public safety	9,251,586	9,618,204	9,354,477	263,727
Transportation	2,301,530	2,686,965	2,187,281	499,684
Environmental protection	2,334,451	2,384,451	2,217,711	166,740
Economic and physical development	1,150,103	1,150,103	1,012,389	137,714
Cultural and recreation	4,514,127	4,640,627	4,389,785	250,842
Contingency	968,530	-	-	-
Debt service:				
Principal	2,220,232	2,220,232	1,944,800	275,432
Interest	598,449	598,449	451,978	146,471
Total expenditures	25,401,673	25,363,696	23,461,676	1,902,020
Revenues over (under) expenditures	(1,434,760)	(1,200,642)	2,433,710	3,634,352
Other Financing Sources (Uses):				
Long-term debt issued	2,219,000	2,219,000	1,807,332	(411,668)
Transfers to other funds	(784,240)	(2,757,420)	(2,757,562)	(142)
Appropriated fund balance	-	1,739,062	-	(1,739,062)
Total other financing sources (uses)	1,434,760	1,200,642	(950,230)	(2,150,872)
Net change in fund balance	\$ -	\$ -	1,483,480	\$ 1,483,480
Fund Balance:				
Beginning of year - July 1			15,507,182	
End of year - June 30			\$ 16,990,662	

The accompanying notes are an integral part of the financial statements.

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2019

	<u>Electric Fund</u>
Assets:	
Current assets:	
Cash and investments	\$ 2,828,368
Accounts receivable, net-billed	342,295
Accounts receivable, net-unbilled	509,547
Other receivables	18,541
Inventories	115,962
Prepays	287
Restricted cash and cash equivalents	<u>145,644</u>
Total current assets	<u>3,960,644</u>
Non-current assets:	
Depreciable capital assets, net	<u>5,435,262</u>
Total assets	<u>9,395,906</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	662,019
Due to other funds	84,272
Liabilities to be paid from restricted assets:	
Customer deposits	145,644
Note payable	<u>25,727</u>
Total current liabilities	<u>917,662</u>
Non-Current Liabilities:	
Note payable	<u>25,728</u>
Total liabilities	<u>943,390</u>
Net Position:	
Net investment in capital assets	5,383,807
Unrestricted	<u>3,068,709</u>
Total net position	<u>\$ 8,452,516</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF CORNELIUS, NORTH CAROLINA**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN
FUND NET POSITION - PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2019**

	Electric Fund
Operating Revenues:	
Charges for services	\$ 6,747,065
Other operating revenue	42,558
Total operating revenues	<u>6,789,623</u>
Operating Expenses:	
Administrative and contract services	98,331
Electrical operations	1,237,998
Electrical purchases	4,524,182
Depreciation	546,371
Total operating expenses	<u>6,406,882</u>
Operating income (loss)	<u>382,741</u>
Non-Operating Revenues (Expenses):	
Investment earnings	14,626
Miscellaneous	40,096
Interest expense	(1,102)
Total non-operating revenues (expenses)	<u>53,620</u>
Change in net position	436,361
Net Position:	
Beginning of year - July 1	<u>8,016,155</u>
End of year - June 30	<u>\$ 8,452,516</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF CASH FLOWS
 PROPRIETARY FUND
 FOR THE YEAR ENDED JUNE 30, 2019

	Electric Fund
Cash Flows From Operating Activities:	
Cash received from customers	\$ 6,743,893
Cash paid for goods and services	(5,295,282)
Cash paid to employees for services	(509,907)
Customer deposits received (refunded)	2,597
Net cash provided (used) by operating activities	<u>941,301</u>
Cash Flows From Non-Capital Financing Activities:	
Change in due to/due from other funds	<u>50,094</u>
Cash Flows From Capital and Related Financing Activities:	
Note payable	(25,727)
Acquisition of capital assets and construction	(469,143)
Interest payment on long-term debt	(1,102)
Net cash provided (used) by capital and related financing activities	<u>(495,972)</u>
Cash Flows From Investing Activities:	
Interest and dividends	<u>14,626</u>
Net increase (decrease) in cash and cash equivalents	510,049
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>2,463,963</u>
End of year - June 30	<u><u>\$ 2,974,012</u></u>
Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:	
Operating income (loss)	\$ 382,741
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	546,371
Increase/decrease in:	
Accounts receivable	(5,634)
Inventory	(6,695)
Accounts payable accrued liabilities	21,231
Customer deposits	2,597
Prepays	<u>690</u>
Net cash provided (used) by operating activities	<u><u>\$ 941,301</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF CORNELIUS, NORTH CAROLINA**STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS****OTHER POST-EMPLOYMENT BENEFIT AND LAW ENFORCEMENT****OFFICERS' SPECIAL SEPARATION ALLOWANCE TRUST FUNDS****JUNE 30, 2019**

	<u>Pension Trust Funds</u>
Assets:	
Restricted assets:	
Investments:	
Fixed income	\$ 409,856
	<u>409,856</u>
Total assets	
	<u>409,856</u>
Net Position:	
Net position restricted for post-employment benefits other than pensions	204,928
Net position restricted for defined benefit pensions	<u>204,928</u>
	<u>204,928</u>
Total net position	\$ <u><u>409,856</u></u>

The accompanying notes are an integral part of the financial statements.

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
OTHER POST-EMPLOYMENT BENEFIT AND LAW ENFORCEMENT
OFFICERS' SPECIAL SEPARATION ALLOWANCE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Pension Trust Funds</u>
Additions:	
Investment income	\$ <u>7,726</u>
Change in net position	7,726
Net Position:	
Beginning of year - July 1	<u>402,130</u>
End of year - June 30	<u>\$ 409,856</u>

The accompanying notes are an integral part of the financial statements.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

1. Summary of Significant Accounting Policies

The accounting policies of the Town of Cornelius (the “Town”) conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected Mayor and a five-member Board of Commissioners. As required by generally accepted accounting principles, these financial statements present the Town, which has no component units.

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 except for services provided and used, which were not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and each function of the Town’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Indirect expense allocations that have been made in the funds have been reversed for the Statement of Activities. Program revenues include 1) fees and charges paid by the recipients of goods or services offered by the programs, and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The Town reports the following major governmental funds:

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

Capital Reserve Fund. This fund is used to account for funds the Town is accumulating for future construction/expansion of West Catawba Avenue's underground utilities.

Parks Bond Capital Project Fund. This fund is used to account for the expenditures for the new recreational facilities in the Town of Cornelius.

Streets Bond Capital Project Fund. This fund is used to account for the expenditures for the street improvements in the Town of Cornelius.

Public Works Building Capital Project Fund. This fund is used to account for the expenditures for the construction of the new public works building in the Town of Cornelius.

2018 Series Streets Bond Capital Project Fund. This fund is used to account for the expenditures for the street improvements in the Town of Cornelius.

The Town reports the following nonmajor governmental funds:

Special Revenue Fund. Emergency Telephone System Fund is used to account for 911 revenues received by the state 911 Board to enhance the state's 911 system.

Capital Projects Funds. The capital projects funds account for financial resources to be used for the acquisition, construction, and improvement of major capital facilities (other than those financed by the proprietary fund). The Town has the following nonmajor capital project funds: Caldwell Station Creek Greenway, Diverging Diamond Interchange, Robbins Park/WAC, 2018 Series Parks Bond, and Arts Center.

The Town reports the following major enterprise fund:

Electric Fund. This fund is used to account for the Town's Electric Fund operations.

The Town reports the following fund types:

Trust Funds. Trust funds are used to report resources that are required to be held in trust for the members and beneficiaries of defined benefit pension plans, defined contribution plans, or other postemployment benefit plans. The Other Postemployment Benefits Trust Fund accounts for the Town's contributions for healthcare coverage provided to qualified retirees. The Law Enforcement Officer's Special Separation Allowance Trust Fund accounts for the Town's contributions for separation allowance payments provided to qualified law enforcement retirees.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

C. Measurement Focus and Basis of Accounting

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

Government-Wide, Proprietary, and Fiduciary Financial Statements. The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus. The government-wide, proprietary and fiduciary 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 Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations are 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 Town's enterprise fund are charges to customers for sales and services. 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 Town considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax collected and held by the state at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered shared revenue for the Town of Cornelius because the tax is levied by Mecklenburg County and then remitted to and distributed by the state. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash.

All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Emergency Telephone System Special Revenue Fund, and the Enterprise Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for all capital project funds. 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. All amendments must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual budget can be adopted.

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

Deposits and Investments

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

State law [G.S. 159-30 (c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States, obligations of the State of North Carolina, bonds and notes of any North Carolina local government or public authority, obligations of certain non-guaranteed federal agencies, certain high quality issues of commercial paper and bankers' acceptances, and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value. Non-participating interest earning contracts are accounted for at cost. The NCCMT Government Portfolio, an SEC-registered (2a-7) government money market fund, and the NCCMT-Term Portfolio's securities are valued at fair value.

General Statue 159-30.1 allows the Town to establish an Other Postemployment Benefit (OPEB) Trust and a Law Enforcement Officer's Special Separation Allowance (LEOSSA) Trust managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. It is not registered with the SEC and G.S. 159-30(g) allows the Town to make contributions to the Trusts. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short term fixed income investments as detailed in G.S. 147-69.2(b)(1-6) and (8). Funds submitted are held in the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1.

The majority of the Town's investments are carried at fair value. Non-participating interest earning investment contracts are accounted for at cost.

- The North Carolina Capital Management Trust (NCCMT) is a SEC registered money market mutual fund allowable by G.S. 159-30(c)(8). The NCCMT Government Portfolio is a 2a-7 fund maintaining an AAAM rating from S&P. The NCCMT Term Portfolio is a bond fund, has no rating and has a duration of .11 years. Both the NCCMT Government and Term Portfolios are reported at fair value.

- Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs— other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2019 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

Cash and Cash Equivalents

The Town pools money from several funds, except the Other Post Employment Trust Fund and Law Enforcement Officers' Special Separation Allowance Trust Fund, 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.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Restricted Assets

Unexpended bond proceeds are restricted to finance the construction for Streets Bond Capital Project, Parks Bond Capital Project, 2018 Series Streets Bond Capital Project, and 2018 Series Parks Bond Capital Fund. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. Cash and cash equivalents in the Other Post-employment Benefits Trust Fund and the Law Enforcement Officer's Special Separation Allowance Trust Fund are considered restricted because the funds can only be used to pay other post-employment benefit and special separation allowance obligations.

Governmental Activities:

General Fund:

Transportation	\$ 889,379
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Parks Bond Capital Project Fund:

Unexpended debt proceeds	1,180,012
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Streets Bond Capital Project Fund:

Unexpended debt proceeds	3,598,010
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2018 Series Streets Bond Capital Project Fund:

Unexpended debt proceeds	6,327,807
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2018 Series Parks Bond Capital Project Fund:

Unexpended debt proceeds	<u>872,443</u>
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Total governmental activities	<u>12,867,651</u>
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Business-Type Activities:

Electric Fund:

Customer deposits	<u>145,644</u>
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Total business-type activities	<u>145,644</u>
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Total restricted cash	<u>\$ 13,013,295</u>
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Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, penalties and interest do not accrue until the following January 6th. The taxes levied are based on the assessed values as of January 1, 2018.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Allowance for Uncollectible Accounts

Allowances for doubtful accounts are maintained on all types of receivables which historically experience uncollectible accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

Inventory and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

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 \$5,000 for the following: land, buildings, improvements, substations, lines and infrastructure, furniture and equipment, and vehicles. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost.

The Town, as a Phase III government, has opted not to adopt retroactive capitalization of general infrastructure assets acquired prior to July 1, 2003, pursuant to GASB 34. The cost of normal maintenance and repairs that do not add to the value of the asset, or materially extend asset lives, are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Infrastructure	40 years
Buildings	40 years
Improvements	10-40 years
Substations and lines	7-40 years
Vehicles	5 years
Furniture and equipment	5-10 years
Computer equipment	3 years

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet this criterion – pension deferrals and OPEB deferrals. In addition to liabilities, the Statement of Net Position can also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has three items that meet the criterion for this category - unavailable taxes, pension deferrals, and OPEB deferrals.

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, business-type activities, or proprietary fund type fund Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discount. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

Compensated Absences

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

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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 a) externally imposed by creditors, grantors, contributors, laws or regulations of other governments, or b) imposed by law through state statute.

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

Prepaid Items - portion of fund balance not available to pay for any commitments because it represents prepaid expenses of the next year, which are not expendable, available resources.

Restricted Fund Balance

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

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Restricted for Public Safety - portion of fund balance that is restricted by revenue source for public safety expenditures. This amount represents the balance of unspent E-911 funds and unexpended debt proceeds for fire safety equipment.

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

Restricted for Cultural and Recreation - portion of fund balance that is restricted by revenue source to only be used for the construction of recreational facilities.

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent bond proceeds of \$11,978,272 as of June 30, 2019.

Committed Fund Balance

This classification represents the portion of fund balance that can only be used for specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Committed for Transportation - portion of the fund balance committed by the Board for street construction and maintenance expenditures.

Committed for Cultural and Recreation - portion of fund balance committed by the Board for the construction of recreational facilities.

Assigned Fund Balance

The portion of fund balance that the Town's Governing Board budgeted and intends to use for specific purposes but do not meet the criteria to be classified as committed. The Town's governing board has the authority to assign fund balance. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment.

Unassigned Fund Balance

The portion of fund balance that has not been assigned to another fund or is restricted, committed, or assigned to specific purposes within the General Fund. The General Fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds it is not appropriate to report a positive unassigned fund balance amount. However, in governmental funds other than the General Fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The Town of Cornelius 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-Town funds, and Town 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 Town.

The Town of Cornelius has also adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the Town in such a manner that available fund balance is 40% of expenditures and should be maintained at a minimum of the population average for similar size North Carolina municipalities.

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	\$ 16,990,662
Less:	
Prepaid items	208,850
Stabilization by state statute	<u>1,595,595</u>
Total available fund balance	<u><u>\$ 15,186,217</u></u>

Defined Benefit Pension and OPEB Plans

The Town participates in two cost-sharing, multiple-employer, defined benefit pension plan that is administered by the state; the Local Governmental Employees' Retirement System (LGERS), the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans), and one Other Postemployment Benefit Plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net positions of the state-administered defined benefit pension plans and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of state-administered defined benefit pension plans. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

F. Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amount of assets and liabilities, disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results could differ from these estimates.

2. Detail Notes On All Funds

A. Assets

Deposits

All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in their name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for undercollateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no 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 Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2019, the Town's deposits had a carrying amount of \$14,646,017 and a bank balance of \$15,834,566. Of the bank balance, \$1,000,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2019, the Town's petty cash fund totaled \$400.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Investments

At June 30, 2019, the Town investment balances were as follows:

<u>Investment by Type</u>	<u>Valuation</u>		<u>Maturity</u>	<u>Rating</u>
	<u>Measurement</u>	<u>Book Value</u>		
	<u>Method</u>	<u>at 6/30/2019</u>		
NC Capital Management Trust - Government Portfolio	Fair Value-Level 1	\$ 16,002,600	N/A	AAAm
NC Capital Management Trust - Term Portfolio*	Fair Value-Level 1	<u>10,631,933</u>	0.11 years	Unrated
		<u>\$ 26,634,533</u>		

*As of June 30, 2019, the NCCMT Term Portfolio has a duration of .11 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.

All investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets. Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's Board adopted investment policy requires purchases of securities to be laddered with staggering maturity dates and limits all securities to a final maturity of no more than two years.

Credit Risk. As a means of minimizing credit risk, the Town's internal investment policy limits investments to the safest types of securities, pre-qualifying financial institutions, brokers/dealers and intermediaries with which the Town will do business and diversify the investment portfolio. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2019. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

At June 30, 2019, the Town's Healthcare Benefits (HCB) Plan Fund had \$204,928 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the Town's OPEB Trust was invested as follows: State Treasurer's STIF 100%.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Level of the Fair Value Hierarchy: Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2019 of 1.4 years.

Valuation Technique: North Carolina Department of State Treasurer OPEB Trust investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Interest Rate Risk. The Town does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 1.4 years at June 30, 2019.

Credit Risk. The Town does not have a formal investment policy regarding credit risk for the HCB Plan Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments.

At June 30, 2019, the Town's Law Enforcement Officers' Special Separation Allowance (LEOSSA) Plan Fund had \$204,928 invested in the State Treasurer's Law Enforcement Officer's Special Separation Allowance (LEOSSA) Trust pursuant to G.S. 159-30.1. The State Treasurer's LEOSSA Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the Town's LEOSSA Trust was invested as follows: State Treasurer's STIF 100%.

Level of the Fair Value Hierarchy: Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2019 of 1.4 years.

Valuation Technique: North Carolina Department of State Treasurer OPEB Trust investments are measured using the market approach: using prices and other relevant information generated by market transactions involving identical or comparable assets or a group of assets.

Interest Rate Risk. The Town does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 1.4 years at June 30, 2019.

Credit Risk. The Town does not have a formal investment policy regarding credit risk for the LEOSSA Plan Fund. The STIF is unrated and authorized under NC General Statute 147-69.1. The State Treasurer's STIF is invested in highly liquid fixed income securities consisting primarily of short to intermediate term treasuries, agencies, and money market instruments.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Receivables - Allowances for Doubtful Accounts

The receivable amounts presented in the Balance Sheet and Statement of Net Position for the year ended June 30, 2019 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ 148,996
Enterprise Fund:	
Accounts receivable	<u>53,509</u>
Total	<u><u>\$ 202,505</u></u>

Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2019 was as follows:

	<u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2019</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 8,428,119	\$ 686,831	\$ -	\$ -	\$ 9,114,950
Construction in progress	<u>5,527,495</u>	<u>3,077,272</u>	<u>-</u>	<u>(850,710)</u>	<u>7,754,057</u>
Total non-depreciable capital assets	<u>13,955,614</u>	<u>3,764,103</u>	<u>-</u>	<u>(850,710)</u>	<u>16,869,007</u>
Depreciable Capital Assets:					
Buildings	16,291,869	-	-	84,811	16,376,680
Equipment	4,947,111	1,343,122	-	-	6,290,233
Computer equipment	2,023,022	46,476	-	-	2,069,498
Vehicles	6,930,580	662,666	(243,170)	765,899	8,115,975
Infrastructure	<u>37,899,680</u>	<u>801,215</u>	<u>-</u>	<u>-</u>	<u>38,700,895</u>
Total depreciable capital assets	<u>68,092,262</u>	<u>2,853,479</u>	<u>(243,170)</u>	<u>850,710</u>	<u>71,553,281</u>
Less Accumulated Depreciation:					
Buildings	7,238,741	473,069	-	-	7,711,810
Equipment	3,726,133	424,975	-	-	4,151,108
Computer equipment	1,183,878	35,271	-	-	1,219,149
Vehicles and motorized equipment	4,992,447	977,624	(243,170)	-	5,726,901
Infrastructure	<u>8,139,899</u>	<u>1,292,971</u>	<u>-</u>	<u>-</u>	<u>9,432,870</u>
Total accumulated depreciation	<u>25,281,098</u>	<u>\$ 3,203,910</u>	<u>\$ (243,170)</u>	<u>\$ -</u>	<u>28,241,838</u>
Total depreciable capital assets, net	<u>42,811,164</u>				<u>43,311,443</u>
Governmental activities capital assets, net	<u>\$ 56,766,778</u>				<u>\$ 60,180,450</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

General government	\$ 236,437
Public safety	1,365,294
Transportation	801,022
Environmental protection	3,808
Cultural and recreational	791,317
Economic and physical development	<u>6,032</u>
Total depreciation	<u><u>\$ 3,203,910</u></u>

Capital assets for business-type activities for the year ended June 30, 2019 were as follows:

	<u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>
Electric Fund:				
Depreciable Capital Assets:				
Substations, lines, and related equipment	\$ 11,037,837	\$ 384,902	\$ -	\$ 11,422,739
Equipment	91,630	46,336	-	137,966
Computer equipment	15,571	-	-	15,571
Vehicles and motorized equipment	<u>398,433</u>	<u>37,905</u>	-	<u>436,338</u>
Total depreciable capital assets	<u>11,543,471</u>	<u>469,143</u>	-	<u>12,012,614</u>
Less Accumulated Depreciation:				
Substations, lines, and related equipment	5,761,271	480,450	-	6,241,721
Equipment	70,209	7,798	-	78,007
Computer equipment	15,571	-	-	15,571
Vehicles and motorized equipment	<u>183,930</u>	<u>58,123</u>	-	<u>242,053</u>
Total accumulated depreciation	<u>6,030,981</u>	<u>\$ 546,371</u>	<u>\$ -</u>	<u>6,577,352</u>
 Total depreciable capital assets, net	 <u>5,512,490</u>			 <u>5,435,262</u>
 Electric Fund capital assets, net	 <u><u>\$ 5,512,490</u></u>			 <u><u>\$ 5,435,262</u></u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2019 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 60,180,450	\$ 5,435,262
Long-term debt	(20,758,931)	(51,455)
Add unspent debt proceeds	11,978,272	-
Net investment in capital assets	<u>\$ 51,399,791</u>	<u>\$ 5,383,807</u>

Commitments

The Town of Cornelius has the following commitments at June 30, 2019.

Project	Spent-to-Date	Remaining Commitment
Robbins Park	\$ 6,766,490	\$ 2,097
Public Works Building	6,766,490	2,097
Parks Bonds	1,960,980	39,020
Street Bonds	4,021,740	987,260
Art Center	2,596,796	2,891,204
Total	<u>\$ 22,112,496</u>	<u>\$ 3,921,678</u>

B. Liabilities

Payables at the government-wide level at June 30, 2019 were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General Fund	\$ 1,720,381	\$ 323,261	\$ 2,043,642
Other governmental	389,850	-	389,850
Total	<u>\$ 2,110,231</u>	<u>\$ 323,261</u>	<u>\$ 2,433,492</u>
Business-Type Activities:			
Electric Fund	<u>\$ 662,019</u>	<u>\$ -</u>	<u>\$ 662,019</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Pension Plan Obligations

Local Government Employees' Retirement System

Plan Description. The Town of Cornelius is a participating employer in the state-wide 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. LGERS provides retirement and disability benefits to plan members and beneficiaries. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members – nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, by calling (919) 981-5454 or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service, or within 180 days of their last day of service, and who have either completed 20 years of creditable service regardless of age (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.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town's employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Cornelius' contractually required contribution rate for the year ended June 30, 2019 was 8.50% of compensation for law enforcement officers and 7.75% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Cornelius were \$477,255 for the year ended June 30, 2019.

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

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

At June 30, 2019, the Town reported a liability of \$2,471,980 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.10420% (measured as of June 30, 2018), which was an increase of 0.00358% from its proportion as of June 30, 2018 (measured as of June 30, 2017).

For the year ended June 30, 2019, the Town recognized pension expense of \$640,528. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 381,368	\$ 12,797
Changes of assumptions	655,968	-
Net difference between projected and actual earnings on pension plan investments	339,329	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	89,308
Town contributions subsequent to the measurement date	477,255	-
Total	<u>\$ 1,853,920</u>	<u>\$ 102,105</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The \$477,255 reported as deferred outflows of resources, related to pensions resulting from Town contributions subsequent to the measurement date, will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Total
2020	\$ 621,077
2021	402,260
2022	60,296
2023	190,927
2024	-
Thereafter	-
Total	<u>\$ 1,274,560</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increase	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

The plan currently uses mortality rates based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table 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, 2017 valuation were based on the results of an actuarial experience study as of December 31, 2014.

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
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	<u>6.0%</u>	4.0%
Total	<u>100.0%</u>	

The information above is based on 30-year expectations developed with the consulting actuary for the 2018 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 3.0%. All rates of return and inflation are annualized.

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.00%, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00%) or one percentage point higher (8.00%) than the current rate:

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Decrease (8.00%)
Town's proportionate share of the net pension liability (asset)	<u>\$ 5,937,911</u>	<u>\$ 2,471,980</u>	<u>\$ (424,205)</u>

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

Law Enforcement Officers' Special Separation Allowance

Plan Description. The Town administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 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. A separate report was not issued for the plan.

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>60</u>
Total	<u>64</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Summary of Significant Accounting Policies

Basis of Accounting. The Town has chosen to fund the Separation Allowance through contributions to the Town's Law Enforcement Officers' Special Separation Allowance (LEOSSA) Trust Fund. The assets were deposited after the measurement date of December 31, 2018. Contributions to the LEOSSA trust fund are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

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

Actuary Assumptions

The entry age normal actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50 percent
Salary increase	3.50 to 7.35 percent, including inflation
Investment rate of return	3.64 percent, net of pension plan investment expense, including inflation

The investment rate of return and discount rate used to measure the total pension liability was 3.64%. Since the Separation Allowance assets were not deposited until after the measurement date, the rate used is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2018.

Deaths After Retirement (Healthy): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 104% for males and 100% for females.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for males and females.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned through contributions to the LEOSSA trust through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$83,532 as benefits came due for the reporting period.

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

At June 30, 2019, the Town reported a total pension liability of \$1,545,660. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$159,066.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 132,792	\$ -
Changes of assumptions	66,869	79,956
Net difference between projected and actual earnings on plan investments	-	2,301
Town benefit payments and plan administrative expense made subsequent to the measurement date	44,544	-
Total	<u>\$ 244,205</u>	<u>\$ 82,257</u>

\$44,544 reported as deferred outflows of resources related to pensions resulting from employer contributions to the trust fund and 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, 2020. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2020	\$ 23,599
2021	23,599
2022	23,599
2023	23,846
2024	20,157
Thereafter	2,604
Total	<u>\$ 117,404</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Sensitivity of the Town's Net Pension Liability to Changes in the Discount Rate. The following presents the Town's net pension liability calculated using the discount rate of 3.64 percent, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.64 percent) or 1 percentage point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Net pension liability	\$ 1,494,423	\$ 1,342,784	\$ 1,205,660

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

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance as of December 31, 2017	\$ 1,466,311	\$ -	\$ 1,466,311
Service cost	90,451	-	90,451
Interest on the total pension liability	45,016	-	45,016
Differences between expected and actual experience in the measurement of the total pension liability	98,335	-	98,335
Changes of assumptions or other inputs	(70,921)	-	(70,921)
Contributions - employer	-	283,532	(283,532)
Net investment income	-	2,876	(2,876)
Benefit payments	(83,532)	(83,532)	-
Balance as of December 31, 2018	<u>\$ 1,545,660</u>	<u>\$ 202,876</u>	<u>\$ 1,342,784</u>

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 640,528	\$ 159,066	\$ 799,594
Pension liability	2,471,980	1,342,784	3,814,764
Proportionate share of the net pension liability	0.10420%	n/a	-

Deferred Outflows of Resources:

Differences between expected and actual experience	\$ 381,368	\$ 132,792	\$ 514,160
Changes of assumptions	655,968	66,869	722,837
Net difference between projected and actual earnings on plan investments	339,329	-	339,329
Benefit payments and administrative costs paid subsequent to the measurement date	<u>477,255</u>	<u>44,544</u>	<u>521,799</u>
Total deferred outflows of resources	<u>\$ 1,853,920</u>	<u>\$ 244,205</u>	<u>\$ 2,098,125</u>

Deferred Inflows of Resources:

Differences between expected and actual experience	\$ 12,797	\$ -	\$ 12,797
Changes of assumptions	-	79,956	79,956
Net difference between projected and actual earnings on plan investments	-	2,301	2,301
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>89,308</u>	<u>-</u>	<u>89,308</u>
Total deferred inflows of resources	<u>\$ 102,105</u>	<u>\$ 82,257</u>	<u>\$ 184,362</u>

Supplemental Retirement Income Plan for Law Enforcement Officers

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Funding Policy. Article 12 E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each 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, 2019 were \$215,721, which consisted of \$156,280 from the Town and \$59,441 from the law enforcement officers. No amounts were forfeited.

Other Post-Employment Benefits

Healthcare Benefits

Plan Description

Plan Administration. Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). Employees hired before July 1, 2010 and who retire under the provisions set forth under LGERS are eligible for continuation of the same coverage in the Town's group health insurance plan as provided to active employees of the Town until the retiree becomes Medicare eligible or obtains age 65. Employees hired on or after July 1, 2010 and who retire under the provisions set forth under LGERS and have at least 20 years of service with the Town are eligible for continuation of the same coverage in the Town's group health insurance plan as provided to active employees of the Town until the retiree becomes Medicare eligible or obtains age sixty-five. For each year of continuous, uninterrupted service with the Town of Cornelius, the Town provides \$200 to offset the retiree's annual premium. Also, the Town's retirees can purchase coverage for their dependents at the Town's group rates. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. The Town Board may amend the benefit provisions. A separate report was not issued for the Plan.

Plan Membership. Membership of the HCB Plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Retirees receiving benefits	8
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>109</u>
Total	<u><u>117</u></u>

Benefits Provided. The Town pays \$200 per each year of continuous, uninterrupted service with the Town toward the annual coverage for the healthcare benefits paid to qualified retirees under a Town resolution that can be amended by the Town Board. The retiree pays the entire dependent coverage premium.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Contributions. The Town Board established the contribution requirements of plan members which may be amended by the Board. Plan members pay the full blended rate premium for health coverage, with the Town incurring the liability for the implicit subsidy amount. In addition, the Town provides an annual supplement of \$200 for every year of continuous, uninterrupted service with the Town which is applied toward the retiree's annual health insurance premium. The Town's contribution is dependent on the employee's number of years of creditable service. The Board may amend the benefit provisions.

Per a Town resolution, the Town is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. For the current year, the Town contributed \$82,558. The Fund is accounted for as a trust fund.

Investments

Investment Policy. The HCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan's discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value. The following was the Board's adopted asset allocation policy and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019:

<u>Asset Class</u>	<u>Anticipated Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Bond Index Fund	50.00%	4.80%
Equity Index Fund	<u>50.00%</u>	4.80%
Total	<u>100.00%</u>	

Rate of Return. For the years ended June 30, 2019, the annual money weighted rate of return on investments, net of investment expense, was 4.80 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The components of the net OPEB liability of the Town at June 30, 2019 were as follows:

Total OPEB liability	\$ 2,350,076
Plan fiduciary net position	<u>204,928</u>
Net OPEB liability	<u>\$ 2,145,148</u>

Plan fiduciary net position as a percentage of the total OPEB liability	8.72%
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Actuarial Assumptions. The total OPEB liability was determined by actuarial valuations as of June 30, 2018 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Wage inflation	3.50 percent
Salary increases, including wage inflation	
General Employees	3.50 percent - 7.75 percent
Law Enforcement Officers	3.50 percent - 7.35 percent
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	4.80 percent
Municipal Bond Index Rate	
Prior Measurement Date	3.89 percent
Measurement Date	3.50 percent
Year fiduciary net position is projected to be depleted	
Prior Measurement Date	2020
Measurement Date	2021
Single equivalent interest rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	3.90 percent
Measurement Date	3.51 percent
Healthcare cost trend rates	
Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028

Total OPEB liabilities were rolled forward to June 30, 2019 utilizing update procedures incorporating the actuarial assumptions.

Deaths Before Retirement: RP-2014 Employee base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Deaths After Retirement (Beneficiary): RP-2014 Healthy Annuitant base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 123% for all ages.

Deaths After Retirement (Disabled): RP-2014 Disabled Retiree base rates projected to 2015 using MP-2015, projected forward generationally from 2015 using MP-2015. Rates are adjusted by 103% for males and 99% for females.

The actuarial assumptions used in the June 30, 2018 valuation was based on the results of an actuarial experience study for the period 2010-2014.

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the major target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of June 30 are presented above.

Discount Rate. The discount rate used to measure the total OPEB liability at June 30, 2019 was 3.51 percent. However, because the OPEB plan's fiduciary net position was not projected to be sufficient to make all future benefit payments, the discount rate incorporates a municipal bond rate which is 3.50 percent per the S&P Municipal Bond 20-Year High Grade Rate Index as of June 30, 2019.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the Town at June 30, 2019, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.51 percent) or 1-percentage-point higher (4.51 percent) than the current discount rate:

	1% Decrease (2.51%)	Current Discount Rate (3.51%)	1% Increase (4.51%)
Net OPEB liability	\$ 2,400,850	\$ 2,145,148	\$ 1,917,455

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the Plan at June 30, 2019, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current	1% Increase
Net OPEB liability	\$ 1,934,515	\$ 2,145,148	\$ 2,401,316

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2019, the Town reported a net OPEB liability of \$2,145,148. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2019, the components of the net OPEB liability of the Town were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2018	\$ 2,188,456	\$ 201,065	\$ 1,987,391
Changes for the year:			
Service cost	138,449	-	138,449
Interest	83,755	-	83,755
Differences between expected and actual experience	(140,434)	-	(140,434)
Changes in assumptions or other inputs	162,408	-	162,408
Contributions - employer	-	82,558	(82,558)
Net investment income	-	3,863	(3,863)
Benefit payments	(82,558)	(82,558)	-
Net changes	161,620	3,863	157,757
Balances at June 30, 2019	<u>\$ 2,350,076</u>	<u>\$ 204,928</u>	<u>\$ 2,145,148</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the single equivalent interest rate (SEIR) from 3.90% in 2018 to 3.51% in 2019. This change in the SEIR reflects the changes to the Municipal Bond Index Rate from 3.89% on the prior measurement date of June 30, 2018 to 3.89% on the current measurement date of June 30, 2019.

For the year ended June 30, 2019, the Town recognized OPEB expense of \$214,326. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 45,981	\$ 126,362
Changes of assumptions	146,135	66,067
Net difference between projected and actual earnings on plan investments	6,358	-
Total	<u>\$ 198,474</u>	<u>\$ 192,429</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

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

Year Ending	
June 30	Amount
2020	\$ 1,573
2021	1,573
2022	1,573
2023	995
2024	(161)
Thereafter	492
Total	<u>\$ 6,045</u>

Other Employment Benefits

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

Deferred Outflows and Inflows of Resources

Deferred outflows of resources are comprised of the following:

Source	Amount
Pension deferrals	\$ 2,098,125
OPEB deferrals	198,474
Total	<u>\$ 2,296,599</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The balance in deferred inflows at year-end is composed of the following:

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	\$ -	\$ 185,887
Pension deferrals	184,362	-
OPEB deferrals	192,429	-
Total	<u>\$ 376,791</u>	<u>\$ 185,887</u>

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. At the end of FY 2019, The Town authorized a broker to negotiate insurance coverage for commercial general liability, and automobile liability with Travelers and workers compensation with BITCO. The coverage limits for general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. Health insurance coverage is also negotiated through a broker, and at the end of FY 2019 Blue Cross Blue Shield was the carrier for the Town's employee health care and vision coverages.

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

The Town carries flood insurance with a \$50,000 deductible.

In accordance with G.S. 159-29, the Town's employees that have access to the Town's funds at any given time are performance bonded through a commercial surety bond. The Finance Officer and Town Manager are each individually bonded for \$50,000 each. The remaining employees that have access to funds are bonded under a blanket bond for \$5,000.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Long-Term Obligations

Direct Placement Installment Purchases

Government Activities

At June 30, 2019, the Town has the following direct placement installment purchase agreements outstanding:

Serviced by the Town's General Fund:

A contract for cultural and recreation infrastructure improvements issued February 2008 for \$1,300,000; due in semi-annual installments of \$43,333, including interest at 2.79% through July 2023	\$ 390,000
A contract for cultural and recreation infrastructure improvements issued April 2014 for \$1,000,000; due in semi-annual installments of \$76,448, including interest at 2.02% through March 2021	298,225
A contract for cultural and recreation infrastructure improvements issued June 2014 for \$700,000; due in semi-annual installments of \$40,500, including interest at 2.60% through June 2024	350,000
A contract for various vehicles issued January 2019 for \$200,332; due in semi-annual installments of \$35,169, including interest at 3.01% through January 8, 2022.	200,332
A contract for park land issued June 2019 for \$657,000; due in semi-annual installments of \$46,929, including interest at 2.97% through 2026.	657,000
A contract for a ladder truck issued May 2016 for \$861,006; due in semi-annual installments of \$43,050, including interest at 1.881% through May 2026	602,703
A contract for various vehicles issued January 2017 for \$412,000; due in semi-annual installments of \$70,578, including interest at 1.580% through January 2020	69,933
A contract for construction of the public works facility issued October 2017 for \$2,000,000; due in semi-annual principal installments of \$142,857, plus interest at 2.030% through October 2024	1,571,429

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

A contract for the acquisition and installation of a synthetic turf field issued October 2018 for \$950,000; due in semi-annual principal installments of \$76,361 plus interest at 3.23% through October 2025. 888,981

A contract for a pumper truck issued December 2017 for \$667,369; due in semi-annual installments of \$51,323, including interest at 2.000% through December 2024 532,094

A contract for various vehicles issued December 2017 for \$243,795; due in semi-annual installments of \$41,879, including interest at 1.740% through December 2020 123,482

Total \$ 5,684,179

Notes from direct placements related to governmental activities:

<u>Amount</u>	<u>Collateral</u>	<u>Provision of Default</u>
\$ 390,000	Robbins Park Property	A. Installment Payments immediately due and payable B. Proceed by appropriate court action to enforce the Town's performance C. Pay over any balance remaining in the Project Fund to be applied against outstanding required payments in any manner BB&T may deem appropriate D. Foreclosure and recovery of attorney's fees and other expenses.
\$ 350,000	Robbins Park Property	A. Installment Payments immediately due and payable B. Proceed by appropriate court action to enforce the Town's performance C. Pay over any balance remaining in the Project Fund to be applied against outstanding required payments in any manner BB&T may deem appropriate D. Foreclosure and recovery of attorney's fees and other expenses.
\$ 298,225	Installed Turf	A. Installment Payments and the accrued and unpaid interest component to the date of declaration to be immediately due and payable B. Exercise all remedies available at law or in equity and/or in connection with Bank's security interest, including sale of the equipment, and apply the proceeds of any such sale or other disposition, after deducting all costs and expenses, including court costs and reasonable attorneys' fees incurred with the recovery, repair, storage and other sale or other disposition costs, toward the principal component and accrued and unpaid interest of the balance of Installment Payments due C. Court action to enforce performance by the Purchaser of the applicable covenants of the Agreement or to recover for the breach thereof.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Amount	Collateral	Provision of Default
\$ 602,703	Ladder Truck	<p>A. Installment Payments payable by Purchaser and other amounts payable to the end of the Term to be due</p> <p>B. Take possession of such Equipment and sell or lease such Equipment for the account of Purchaser. The exercise of any such remedies respecting any such Event of Default shall not relieve Purchaser of any other liabilities hereunder or the Equipment listed therein</p> <p>C. Court action to enforce performance by Purchaser of the applicable covenants of the Agreement or to recover for the breach thereof.</p> <p>D. Exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State of North Carolina and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved hereunder, including, without limitation, to the extent permitted by law, take possession of any collateral without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of Purchaser, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs, expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition costs, toward the balance due under this Agreement, and, thereafter, shall pay any remaining proceeds to Purchaser.</p> <p>E. Require Purchaser to deliver the Equipment and take possession of any proceeds of the Equipment, including Net Proceeds</p> <p>F. Lender may take whatever action at law or in equity may appear necessary or desirable to enforce its rights or as a secured party in any or all of the Equipment.</p> <p>G. Notwithstanding any other provisions herein, it is the intent of the parties hereto to comply with section 160A-20 of the General Statutes of North Carolina, as amended. No deficiency judgment may be entered against the Purchaser in favor of the lender or any other person in violation of section 160A-20, including, without limitation, any deficiency judgment for amounts that may be owed hereunder when the sale of all or any portion of the Equipment is insufficient to produce enough moneys to pay in full all remaining obligations hereunder.</p>
\$ 69,933	Vehicles	<p>A. Installment Payments immediately due and payable</p> <p>B. Court action to enforce the Town's performance of the applicable covenants of this Agreement or to recover the breach thereof</p> <p>C. Require BB&T to pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner BB&T may reasonably deem appropriate</p> <p>D. Avail itself of all available remedies under this Agreement and recovery of attorney's fees and other expenses.</p>
\$ 1,571,429	Public Works Building	<p>A. Declare the unpaid principal components of the Installment Payments immediately due and payable</p> <p>B. Proceed by appropriate court action to enforce the Borrower's performance of the applicable covenants of this Agreement or to recover the breach thereof</p> <p>C. As provided in the Project Fund Agreement, pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner BB&T may reasonably deem appropriate</p> <p>D. Avail itself of all available remedies under this Agreement, including execution and foreclosure, and recovery of attorney's fees and other expenses.</p>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Amount	Collateral	Provision of Default
\$ 123,482	Vehicles	<p>A. Lessor, with or without terminating the Lease, may declare all Rental Payments payable under the Lease to the end of the then-current fiscal year of Lessee to be immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable</p> <p>B. Lessor may require Lessee to promptly return all Equipment to Lessor, or Lessor may, at its option enter upon the premises where any Equipment is located and repossess such Equipment without demand; and Lessor may thereafter dispose of the Equipment. If Lessor terminates the Lease and disposes of any or all of the Equipment, Lessor shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs and expenses (including, but not limited to, attorneys' fees) incurred in securing possession of the Equipment; (ii) all costs and expenses incurred in completing the disposition of the Equipment; (iii) any sales or transfer taxes incurred in the disposition of the Equipment; (iv) any Rental Payments payable under the Lease to the end of the then-current fiscal year of Equipment; (v) the outstanding principal component of Rental Payments under the Lease; and (vi) any other amounts then due under the Lease. Any disposition proceeds remaining after the requirements of clauses (i), (ii), (iii), (iv), (v) and (vi) have been met shall be paid to Lessee. No deficiency shall be allowed against Lessee, except with respect to any unpaid Rental Payments to the end of the then-current fiscal year of Lessee, and unpaid costs and expenses incurred by Lessor in connection with the repossession and disposition of the Equipment.</p> <p>C. By written notice to any escrow agent that is holding proceeds of the Lease under an Escrow Agreement, Lessor may instruct such escrow agent to release all such proceeds and any earnings thereon to Lessor, such sums to be credited to payment of Lessee's obligations under the Lease</p> <p>D. Lessor may exercise any other remedy available, at law or in equity, with respect to such Event of Default. Lessee shall pay the reasonable attorneys' fees and expenses incurred by Lessor in exercising any remedy hereunder.</p>
\$ 532,094	Fire Truck	<p>A. Lessor, with or without terminating the Lease, may declare all Rental Payments payable under the Lease to the end of the then-current fiscal year of Lessee to be immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable</p> <p>B. Lessor may require Lessee to promptly return all Equipment to Lessor or Lessor may, at its option enter upon the premises where any Equipment is located and repossess such Equipment without demand; and Lessor may thereafter dispose of the Equipment. If Lessor terminates the Lease and disposes of any or all of the Equipment, Lessor shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs and expenses (including, but not limited to, attorneys' fees) incurred in securing possession of the Equipment; (ii) all costs and expenses incurred in completing the disposition of the Equipment; (iii) any sales or transfer taxes incurred in the disposition of the Equipment; (iv) any Rental Payments payable under the Lease to the end of the then-current fiscal year of Equipment; (v) the outstanding principal component of Rental Payments under the Lease; and (vi) any other amounts then due under the Lease. Any disposition proceeds remaining after the requirements of clauses (i), (ii), (iii), (iv), (v) and (vi) have been met shall be paid to Lessee. No deficiency shall be allowed against Lessee, except with respect to any unpaid Rental Payments to the end of the then-current fiscal year of Lessee, and unpaid costs and expenses incurred by Lessor in connection with the repossession and disposition of the Equipment.</p> <p>C. By written notice to any escrow agent that is holding proceeds of the Lease under an Escrow Agreement, Lessor may instruct such escrow agent to release all such proceeds and any earnings thereon to Lessor, such sums to be credited to payment of Lessee's obligations under the Lease</p> <p>D. Lessor may exercise any other remedy available, at law or in equity, with respect to such Event of Default. Lessee shall pay the reasonable attorneys' fees and expenses incurred by Lessor in exercising any remedy hereunder.</p>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Amount	Collateral	Provision of Default
\$ 888,981	Installed Turf	<p>A. Lessor, with or without terminating the Lease, may declare all Rental Payments payable under the Lease to the end of the then-current fiscal year of Lessee to be immediately due and payable by Lessee, whereupon such Rental Payments shall be immediately due and payable</p> <p>B. Lessor may require Lessee to promptly return all Equipment to Lessor or Lessor may, at its option enter upon the premises where any Equipment is located and repossess such Equipment without demand; and Lessor may thereafter dispose of the Equipment. If Lessor terminates the Lease and disposes of any or all of the Equipment, Lessor shall apply the proceeds of any such disposition to pay the following items in the following order: (i) all costs and expenses (including, but not limited to, attorneys' fees) incurred in securing possession of the Equipment; (ii) all costs and expenses incurred in completing the disposition of the Equipment; (iii) any sales or transfer taxes incurred in the disposition of the Equipment; (iv) any Rental Payments payable under the Lease to the end of the then-current fiscal year of Equipment; (v) the outstanding principal component of Rental Payments under the Lease; and (vi) any other amounts then due under the Lease. Any disposition proceeds remaining after the requirements of clauses (i), (ii), (iii), (iv), (v) and (vi) have been met shall be paid to Lessee. No deficiency shall be allowed against Lessee, except with respect to any unpaid Rental Payments to the end of the then-current fiscal year of Lessee, and unpaid costs and expenses incurred by Lessor in connection with the repossession and disposition of the Equipment.</p> <p>C. By written notice to any escrow agent that is holding proceeds of the Lease under an Escrow Agreement, Lessor may instruct such escrow agent to release all such proceeds and any earnings thereon to Lessor, such sums to be credited to payment of Lessee's obligations under the Lease</p> <p>D. Lessor may exercise any other remedy available, at law or in equity, with respect to such Event of Default. Lessee shall pay the reasonable attorneys' fees and expenses incurred by Lessor in exercising any remedy hereunder.</p>
\$ 200,332	Vehicles	<p>A. Installment Payments immediately due and payable</p> <p>B. Court action to enforce the Borrower's performance of the applicable covenants of this Agreement or to recover the breach thereof</p> <p>C. Require BB&T to pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner BB&T may reasonably deem appropriate</p> <p>D. Avail itself of all available remedies under this Agreement, including execution and recovery of attorney's fees and other expenses.</p>
\$ 657,000	Park Land	<p>A. Installment Payments immediately due and payable</p> <p>B. Court action to enforce the Borrower's performance of the applicable covenants or to recover the breach thereof</p> <p>C. Pay over any balance remaining in the Project Fund to be applied against outstanding Required Payments in any manner BB&T may reasonably deem appropriate</p> <p>D. Avail itself of all available remedies under this Contract, including execution and foreclosure and recovery of attorney's fees and other expenses.</p>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The future minimum payments of all the direct placement installment purchases for the governmental activities as of June 30, 2019 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 1,204,116	\$ 130,188
2021	1,104,627	102,868
2022	920,622	68,952
2023	858,114	55,377
2024	821,234	34,478
2025-2026	775,466	20,181
Total	<u>\$ 5,684,179</u>	<u>\$ 412,044</u>

Business-Type Activities

A contract for an Electric Bucket Truck issued May 2016 for \$128,636; due in semi-annual installments of \$12,864, including interest at 1.558% through May 2021

\$ 51,455

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Notes from direct placements related to business-type activities:

\$ 51,455 Bucket Truck

A. Installment Payments payable by Purchaser and other amounts payable by Purchaser hereunder to the end of the Term to be due

B. Take possession of such Equipment and sell or lease such Equipment for the account of Purchaser. The exercise of any such remedies respecting any such Event of Default shall not relieve Purchaser of any other liabilities hereunder or the Equipment listed therein

C. Court action to enforce performance by Purchaser of the applicable covenants of this Agreement or to recover for the breach thereof; provided, however, that nothing herein shall be deemed to all any judgment for a deficiency or waive any provision of N.C.G.S. § 160A-20 or any defense the Purchaser may otherwise have

D. Exercise all the rights and remedies of a secured party or creditor under the Uniform Commercial Code of the State of North Carolina and the general laws of the State of North Carolina with respect to the enforcement of the security interest granted or reserved hereunder, including, without limitation, to the extent permitted by law, take possession of any collateral without any court order or other process of law and without liability for entering the premises and sell, lease, sublease or make other disposition of the same in a commercially reasonable manner for the account of Purchaser, and apply the proceeds of any such sale, lease, sublease or other disposition, after deducting all costs, expenses, including court costs and attorneys' fees, incurred with the recovery, repair, storage and other sale, lease, sublease or other disposition costs, toward the balance due under this Agreement, and, thereafter, shall pay any remaining proceeds to Purchaser.

E. Require Purchaser to deliver the Equipment, at Purchaser's sole expense, to any location within the State of North Carolina designated by Lender, and take possession of any proceeds of the Equipment, including Net Proceeds

F. Lender may take whatever action at law or in equity may appear necessary or desirable to enforce its rights under this Agreement or as a secured party in any or all of the Equipment subject to this Agreement

G. Notwithstanding any other provisions herein, it is the intent of the parties hereto to comply with section 160A-20 of the General Statutes of North Carolina, as amended. No deficiency judgment may be entered against the Purchaser in favor of the Lender or any other person in violation of section 160A-20, including, without limitation, any deficiency judgment for amounts that may be owed hereunder when the sale of all or any portion of the Equipment is insufficient to produce enough moneys to pay in full all remaining obligations hereunder.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The future minimum payments of the business-type activities direct placement installment purchases as of June 30, 2019 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 25,727	\$ 701
2021	25,728	301
Total	<u>\$ 51,455</u>	<u>\$ 1,002</u>

General Obligation Indebtedness

The Town's general obligation bonds serviced by the governmental funds were issued for the acquisition of land and construction or acquisition of park facilities utilized in the operations of the parks and recreation department. All general obligation bonds are collateralized by the full faith and credit and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2019 are comprised of the following:

General Obligation Bonds - Serviced by the General Fund:

\$9,685,000 2015 Streets and Sidewalks and Parks and Recreation serial bonds, payable in installments of \$585,000, beginning June 1, 2016 through June 1, 2032, with interest varying from 2% to 3%, due twice a year on December 1 and June 1. \$ 7,605,000

\$6,715,000 General Obligation Public Improvement Bonds, Series 2018, payable in installments varying from \$300,000 to \$350,000 beginning August 1, 2019 through August 1, 2028, with interest varying from 3% to 5% due twice a year on August 1 and February 1. 6,715,000

Total general obligation debt \$ 14,320,000

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

The future payments of the general obligation bond as of June 30, 2019 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2020	\$ 935,000	\$ 463,069
2021	935,000	428,019
2022	935,000	392,969
2023	935,000	357,919
2024	935,000	322,869
2025-2029	4,675,000	1,170,494
2030-2034	3,380,000	468,224
2035-2039	1,590,000	123,219
Total	<u>\$ 14,320,000</u>	<u>\$ 3,726,782</u>

Changes in Long-Term Liabilities

The following is a summary of changes in the Town's long-term obligations for the fiscal year ending June 30, 2019.

	July 1, 2018	Increases	Decreases	June 30, 2019	Current Portion
Governmental Activities:					
Direct placement installment purchases	\$ 5,236,647	\$ 1,807,332	\$ (1,359,800)	\$ 5,684,179	\$ 1,204,116
General obligation bonds	8,190,000	6,715,000	(585,000)	14,320,000	935,000
Premium on bonds	225,846	545,038	(16,132)	754,752	43,384
Net OPEB liability	1,987,391	157,757	-	2,145,148	-
Net pension liability (LGERS)	1,537,195	934,785	-	2,471,980	-
Net pension liability (LEO)	1,466,311	-	(123,527)	1,342,784	-
Compensated absences	<u>732,849</u>	<u>621,379</u>	<u>(572,664)</u>	<u>781,564</u>	<u>625,251</u>
Governmental activities long-term liabilities	<u>\$ 19,376,239</u>	#####	<u>\$ (2,657,123)</u>	<u>\$ 27,500,407</u>	<u>\$ 2,807,751</u>

At June 30, 2019, the Town had a legal debt margin of approximately \$438,486,330.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Compensated absences net pension liabilities and other post-employment benefits for governmental activities have typically been liquidated in the General Fund and are accounted for on a FIFO basis. The following is a summary of changes in the Town's business-type activities long-term debt:

	<u>July 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2019</u>	<u>Current Portion</u>
Installment purchases	\$ 77,182	\$ -	\$ (25,727)	\$ 51,455	\$ 25,727
Total business-type activities	<u>\$ 77,182</u>	<u>\$ -</u>	<u>\$ (25,727)</u>	<u>\$ 51,455</u>	<u>\$ 25,727</u>

Interfund Balances and Activities

Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2019 consist of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	General Capital Reserve	\$ 129,363
General Fund	Parks Bond Capital Project	332,580
General Fund	Robbins Park/WAC	2,097
General Fund	Public Works Capital Project	25,726
Emergency Telephone System Fund	General Fund	80,176
Diverging Diamond Interchange	General Fund	185,197
Caldwell Station Street Greenway	General Fund	200
Electric Fund	General Fund	84,272
Art Center CPF	General Fund	36,978
Park Bonds 2018	General Fund	39,008
Total		<u>\$ 915,597</u>

The interfund balances resulted from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

Transfers To/From Other Funds

Transfers to/from during the year ended June 30, 2019 consist of the following:

From	To	Amount
General Fund	Capital Project Fund - Capital Reserve Fund	\$ 784,240
General Fund	Caldwell Station Creek Greenway	6,180
General Fund	Emergency Telephone System	142
General Fund	Arts Center Capital Project Fund	<u>1,967,000</u>
Total		<u>\$ 2,757,562</u>

The Capital Reserve transfer is for the 1.5 cent tax increase from 2017 for the Board approved Transportation Capital Reserve Fund. The Caldwell Station Creek Greenway transfer is to close out the Capital Project Fund. The Emergency Telephone System transfer is for disallowed 911 expenditures from prior years. The Arts Center Capital Project fund transfer is used to fund the design for the Cain Center for the Arts Building.

3. Jointly Governed Organizations

The Town, is a member of the North Carolina Municipal Power Agency Number 1 (Electric Agency). The Electric Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The twenty-one members who receive power from the Electric Agency have signed power sales agreements to purchase a specified share of the power generated by the Electric Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2019 were \$4,524,182.

The Town has an agreement with the Town of Huntersville and ElectriCities that provides for ElectriCities to operate and maintain the electric system of each Town, including managing the resources and expenditures of each Town's electric system, planning, technical assistance, and inventory management. During the year ended June 30, 2019, the Town paid ElectriCities \$520,403 for salaries and wages, employee benefits, and other related costs.

The Town and the Charlotte Mecklenburg Board of Education (CMBE) entered into a joint use agreement on December 31, 2003. Under the provisions of the agreement, the Town paid CMBE to offset the purchase of property for a new elementary school located along Westmoreland Road in Cornelius, North Carolina, and for upgrades to the gymnasium and roadway improvements. Both these obligations were satisfied by the Town. In exchange for the payments, CMBE allows the Town to use the indoor/outdoor recreation facilities. The agreement is in effect for 15 years after the opening of the school and shall automatically renew on an annual basis thereafter.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2019

4. Interlocal Agreements

The Town has entered an interlocal agreement with two neighboring towns for industrial and business park development. The Town has agreed to reimburse the lead town for certain debt service payments. The Town has no ownership of the land nor are they a named party with respect to the financing associated with the land. Pursuant to this agreement, the Town will fund \$33,333, plus interest each year through 2019. The anticipated cost with respect to this portion of the agreement is \$1,000,000, plus \$393,440 of interest. Also, the Town has entered into a second agreement regarding a bridge in the business park requiring interest and principal payments through 2030. The Town paid off the note along with the other Towns in March 2017. The amount paid was \$217,598, resulting in interest savings of \$17,598. The Town has also agreed to pay a certain percentage of the development cost with respect to this park. The Town cannot determine what those costs may be at this time. For the year ended June 30, 2019, the Town had not made payments with respect to this section of the agreement. In exchange for the Town's participation in the agreement, the Town will receive a percentage of the park tax revenues and proceeds from the sale of any property in the development. This interlocal agreement is in effect until 2045. Should the Town elect out of the agreement, they will be liable for their remaining share of the debt service. In addition, they will be liable for any unpaid operating expenses incurred or contracted for through the date of the withdrawal.

5. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

The Town has received proceeds from 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.



REQUIRED SUPPLEMENTARY FINANCIAL DATA



TOWN OF CORNELIUS, NORTH CAROLINA
SCHEDULE OF CHANGES IN NET PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability:			
Service cost	\$ 90,451	\$ 72,419	\$ 77,482
Interest on the total pension liability	45,016	46,976	42,233
Differences between expected and actual experience	98,335	70,535	-
Changes of assumptions or other inputs	(70,921)	95,691	(34,717)
Benefit payments	<u>(83,532)</u>	<u>(72,590)</u>	<u>(29,414)</u>
Net change in total pension liability	79,349	213,031	55,584
 Total pension liability - beginning	 <u>1,466,311</u>	 <u>1,253,280</u>	 <u>1,197,696</u>
Total pension liability - ending	<u>1,545,660</u>	<u>1,466,311</u>	<u>1,253,280</u>
 Plan Net Position:			
Contributions - employer	283,532	73,104	29,414
Net investment income	2,876	-	-
Benefit payments	(83,532)	(72,590)	(29,414)
Administrative expense	<u>-</u>	<u>(514)</u>	<u>-</u>
Net change in plan net position	202,876	-	-
 Plan net position - beginning	 <u>-</u>	 <u>-</u>	 <u>-</u>
Plan net position - ending	<u>202,876</u>	<u>-</u>	<u>-</u>
 Net pension liability - ending	 <u>\$ 1,342,784</u>	 <u>\$ 1,466,311</u>	 <u>\$ 1,253,280</u>

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF CORNELIUS, NORTH CAROLINA**SCHEDULE OF NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST THREE FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 1,545,660	\$ 1,466,311	\$ 1,253,280
Plan net position	<u>202,876</u>	<u>-</u>	<u>-</u>
Net pension liability	<u>\$ 1,342,784</u>	<u>\$ 1,466,311</u>	<u>\$ 1,253,280</u>
Ratio of plan net position to total pension liability	13.13%	0.00%	0.00%
Covered payroll	\$ 3,199,567	\$ 3,074,694	\$ 3,084,414
Net pension liability as a percentage of covered payroll	41.97%	47.69%	40.63%

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

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF CORNELIUS, NORTH CAROLINA**SCHEDULE OF EMPLOYER CONTRIBUTIONS****LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE****LAST TWO FISCAL YEARS**

	<u>2019</u>	<u>2018</u>
Actuarially determined employer contribution	\$ 199,137	\$ 200,000
Actual employer contributions	<u>-</u>	<u>200,000</u>
Annual contribution deficiency (excess)	<u><u>\$ 199,137</u></u>	<u><u>\$ -</u></u>
 Covered payroll	 \$ 3,199,567	 \$ 3,074,694
Actual contributions as a percentage of covered-employee payroll	0.00%	6.50%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF CORNELIUS, NORTH CAROLINA**OTHER POST-EMPLOYMENT BENEFITS****SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS****LAST THREE FISCAL YEARS**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:			
Service cost	\$ 138,449	\$ 143,068	\$ 153,828
Interest	83,755	72,711	60,999
Differences between expected and actual experience	(140,434)	56,801	-
Changes of assumptions	162,408	(81,611)	(131,057)
Benefit payments	<u>(82,558)</u>	<u>(89,129)</u>	<u>(47,403)</u>
Net change in total OPEB liability	161,620	101,840	36,367
Total OPEB liability - beginning	<u>2,188,456</u>	<u>2,086,616</u>	<u>2,050,249</u>
Total OPEB liability - ending	<u>\$ 2,350,076</u>	<u>\$ 2,188,456</u>	<u>\$ 2,086,616</u>
Plan Fiduciary Net Position:			
Contributions - employer	\$ 82,558	\$ 289,129	\$ -
Net investment income	3,863	1,065	-
Benefit payments	<u>(82,558)</u>	<u>(89,129)</u>	<u>-</u>
Net change in plan fiduciary net position	3,863	201,065	-
Plan fiduciary net position - beginning	<u>201,065</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending	<u>\$ 204,928</u>	<u>\$ 201,065</u>	<u>\$ -</u>
Net OPEB liability - ending	<u>\$ 2,145,148</u>	<u>\$ 1,987,391</u>	<u>\$ 2,086,616</u>
Plan fiduciary net position as a percentage of the total OPEB liability	8.72%	9.19%	0.00%
Covered payroll	\$ 5,338,635	\$ 5,121,144	\$ 5,121,144
Net OPEB liability as a percentage of covered payroll	40.18%	38.81%	40.75%

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF CORNELIUS, NORTH CAROLINA
OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST THREE FISCAL YEARS

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 183,289	\$ 205,257	\$ 183,289
Contributions in relation to the actuarially determined contribution	82,558	289,129	47,403
Contribution deficiency (excess)	<u>\$ 100,731</u>	<u>\$ (83,872)</u>	<u>\$ 135,886</u>
Covered Payroll	\$ 5,338,635	\$ 5,121,144	\$ 5,121,144
Actual contribution as a percentage of covered payroll	1.55%	5.65%	0.93%

Notes to Schedule:

Valuation date: June 30, 2018

Actuarially determined contribution rates are calculated as of June 30, one year prior to the end of the fiscal year in which contributions are reported.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Amortization period	30 years, closed
Asset valuation method	Market value of assets
Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation:	
General employees	3.50% - 7.75%
Law enforcement officers	3.50% - 7.35%
Long-term investment rate of return, net of OPEB:	
plan investment expense, including price inflation	4.80%
Healthcare cost trends:	
Pre-Medicare	7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF CORNELIUS, NORTH CAROLINA**OTHER POST-EMPLOYMENT BENEFITS****SCHEDULE OF INVESTMENT RETURNS****CURRENT FISCAL YEAR**

	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	4.80%	4.80%

Notes to Schedule:

The trust for the Town of Cornelius' OPEB was established at the end of fiscal year 2018.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF CORNELIUS, NORTH CAROLINA**TOWN OF CORNELIUS' PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS*****LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

	2019	2018	2017	2016	2015	2014
Town of Cornelius' proportion of the net pension liability (asset) (%)	0.10420%	0.10062%	0.10258%	0.10266%	0.10290%	0.10330%
Town of Cornelius' proportion of the net pension liability (asset) (\$)	\$ 2,471,980	\$ 1,537,195	\$ 2,177,091	\$ 460,732	\$ (606,849)	\$ 1,245,162
Town of Cornelius' covered payroll	\$ 5,798,287	\$ 5,522,682	\$ 5,407,566	\$ 5,107,670	\$ 4,951,342	\$ 4,394,262
Town of Cornelius' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	42.63%	27.83%	40.26%	9.02%	(12.26%)	28.34%
Plan fiduciary net position as a percentage of the net pension liability**	91.63%	94.18%	91.47%	98.09%	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.

This schedule is intended to show information for ten years. Additional years' information will be displayed as it becomes available.

TOWN OF CORNELIUS, NORTH CAROLINA**TOWN OF CORNELIUS' CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS****LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 477,255	\$ 452,098	\$ 423,145	\$ 374,264	\$ 369,966	\$ 355,282
Contributions in relation to the contractually required contribution	<u>477,255</u>	<u>452,098</u>	<u>423,145</u>	<u>374,264</u>	<u>369,966</u>	<u>355,282</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Cornelius' covered payroll	\$ 5,890,617	\$ 5,798,287	\$ 5,522,682	\$ 5,407,566	\$ 5,107,670	\$ 4,951,342
Contributions as a percentage of covered payroll	8.10%	7.80%	7.66%	6.92%	7.24%	7.18%

This schedule is intended to show information for ten years.

Additional years' information will be displayed as it becomes available.

SUPPLEMENTARY FINANCIAL DATA



TOWN OF CORNELIUS, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	
	Budget	Variance Over/Under
Revenues:		
Ad Valorem Taxes:		
Taxes	\$ 14,376,204	
Penalties and interest	50,210	
Total	<u>\$ 14,120,455</u>	<u>\$ 305,959</u>
Other Taxes and Licenses:		
Gross receipts - rental vehicles	71,025	
Occupancy taxes	292,889	
Transportation tax	210,550	
Total	<u>545,000</u>	<u>29,464</u>
Unrestricted Intergovernmental:		
Local option sales tax	3,983,699	
Utility franchise tax	1,887,891	
Food and beverage tax	582,155	
Beer and wine tax	134,628	
ABC profit distribution	126,268	
Stormwater fees	426,050	
Total	<u>6,614,118</u>	<u>526,573</u>
Restricted Intergovernmental:		
Powell Bill allocation	771,445	
HOME Grant	15,000	
North Carolina Department of Transportation grants	224,959	
Solid waste disposal tax	21,677	
Controlled substance tax	2,246	
Public safety	158,535	
Parks and recreation	286,227	
Local contribution	638,304	
Total	<u>1,148,640</u>	<u>969,753</u>
Permits and Fees:		
Dispatch center fees	114,835	
Planning/zoning fees	86,713	
Animal fees	7,640	
Other	7,757	
Total	<u>200,000</u>	<u>16,945</u>
Sales and Services:		
Town Hall room rental	57,348	
Recreation program revenues	637,820	
Total	<u>615,900</u>	<u>79,268</u>
Investment Earnings	<u>119,000</u>	<u>256,765</u>

TOWN OF CORNELIUS, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	
	Budget	Variance Over/Under
Miscellaneous:		
Donations		51,975
Miscellaneous		295,571
Total	799,941	(452,395)
Total revenues	24,163,054	1,732,332
Expenditures:		
General Government:		
Governing Board:		
Salaries and employee benefits		56,023
Operating expenses		14,530
Total	81,699	11,146
Administration:		
Salaries and employee benefits		897,484
Professional services		129,306
Capital outlay		46,476
Operating expenditures		438,447
Total	1,632,960	121,247
General Services:		
Professional services		275,282
Other operating expenditures		45,707
Total	350,006	29,017
Total general government	2,064,665	161,410
Public Safety:		
Police:		
Salaries and employee benefits		4,869,012
Operating expenditures		860,425
Professional services		192,568
Capital outlay		626,136
Total	6,748,862	200,721
Communication Center:		
Salaries and employee benefits		558,118
Professional services		3,782
Other operating expenditures		27,881
Total	636,002	46,221
Fire:		
Professional services		9,100
Capital outlay		438,647
Other operating expenditures		122,283
Donation to volunteer fire departments		1,478,939
Total	2,050,078	1,109

TOWN OF CORNELIUS, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	2019	
	Budget	Variance Over/Under
Animal Control:		
Salaries and employee benefits		130,203
Other operating expenses		37,383
Total	183,262	167,586
Total public safety	9,618,204	9,354,477
Transportation:		
Streets and Highways:		
Salaries and employee benefits		455,051
Operating expenses		423,240
Capital outlay		407,613
Contracted services		107,666
Total	1,688,715	1,393,570
Powell Bill - Streets:		
Professional services		148,478
Operating expenditures		5,918
Capital outlay		639,315
Total	998,250	793,711
Total transportation	2,686,965	2,187,281
Environmental Protection:		
Solid Waste:		
Contracted services		1,884,153
Total	2,014,451	1,884,153
Stormwater:		
Contracted services		206,638
Capital outlay		126,920
Total	370,000	333,558
Total environmental protection	2,384,451	2,217,711
Economic and Physical Development:		
Community Planning:		
Salaries and employee benefits		384,368
Professional services		124,971
Operating expenses		44,712
Total	610,580	554,051
Tourism and Economic Development:		
Professional services		140,760
Economic support		317,578
Total	539,523	458,338
Total economic and physical development	1,150,103	1,012,389

TOWN OF CORNELIUS, NORTH CAROLINA

GENERAL FUND

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019**

	2019		
	Budget	Actual	Variance Over/Under
Cultural and Recreation:			
Salaries and employee benefits		1,060,953	
Contracted services		1,063,095	
Capital outlay		1,635,906	
Operating expenses		629,831	
Total cultural and recreation	<u>4,640,627</u>	<u>4,389,785</u>	<u>250,842</u>
Debt Service:			
Principal retirement		1,944,800	
Interest and other charges		451,978	
Total debt service	<u>2,818,681</u>	<u>2,396,778</u>	<u>421,903</u>
Total expenditures	<u>25,363,696</u>	<u>23,461,676</u>	<u>1,902,020</u>
Revenues over (under) expenditures	<u>(1,200,642)</u>	<u>2,433,710</u>	<u>3,634,352</u>
Other Financing Sources (Uses):			
Long-term debt issued	2,219,000	1,807,332	(411,668)
Transfers to other funds	(2,757,420)	(2,757,562)	(142)
Appropriated fund balance	<u>1,739,062</u>	<u>-</u>	<u>(1,739,062)</u>
Total other financing sources (uses)	<u>1,200,642</u>	<u>(950,230)</u>	<u>(2,150,872)</u>
Net change in fund balance	<u>\$ -</u>	<u>1,483,480</u>	<u>\$ 1,483,480</u>
Fund Balance:			
Beginning of year - July 1		<u>15,507,182</u>	
End of year - June 30		<u>\$ 16,990,662</u>	

TOWN OF CORNELIUS, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND - CAPITAL RESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	\$ -	\$ 455,868	\$ 71,613	\$ 527,481	\$ 527,481
Revenues over (under) expenditures	-	455,868	71,613	527,481	527,481
Other Financing Sources (Uses):					
Transfers to other fund	(8,000,000)	(5,065,676)	-	(5,065,676)	2,934,324
Transfers from other fund	8,000,000	8,375,802	784,240	9,160,042	1,160,042
Total other financing sources (uses)	-	3,310,126	784,240	4,094,366	4,094,366
Net change in fund balance	\$ -	\$ 3,765,994	855,853	\$ 4,621,847	\$ 4,621,847
Fund Balance:					
Beginning of year - July 1			3,765,994		
End of year - June 30			\$ 4,621,847		

TOWN OF CORNELIUS, NORTH CAROLINA

PARKS BOND MAJOR CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	\$ 2,000	\$ 57,296	\$ 45,422	\$ 102,718	\$ 100,718
Restricted intergovernmental	807,000	73,000	719,179	792,179	(14,821)
Total revenues	<u>809,000</u>	<u>130,296</u>	<u>764,601</u>	<u>894,897</u>	<u>85,897</u>
Expenditures:					
Professional services	410,155	442,353	200,094	642,447	(232,292)
Capital outlay	<u>4,598,845</u>	<u>2,016,121</u>	<u>973,409</u>	<u>2,989,530</u>	<u>1,609,315</u>
Total expenditures	<u>5,009,000</u>	<u>2,458,474</u>	<u>1,173,503</u>	<u>3,631,977</u>	<u>1,377,023</u>
Revenues over (under) expenditures	<u>(4,200,000)</u>	<u>(2,328,178)</u>	<u>(408,902)</u>	<u>(2,737,080)</u>	<u>1,462,920</u>
Other Financing Sources (Uses):					
Bond premium	117,924	117,924	-	117,924	-
Proceeds from bond issuance	<u>4,082,076</u>	<u>4,200,000</u>	-	<u>4,200,000</u>	<u>117,924</u>
Total other financing sources (uses)	<u>4,200,000</u>	<u>4,317,924</u>	-	<u>4,317,924</u>	<u>117,924</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,989,746</u>	<u>(408,902)</u>	<u>\$ 1,580,844</u>	<u>\$ 1,580,844</u>
Fund Balance:					
Beginning of year - July 1			<u>1,989,746</u>		
End of year - June 30			<u>\$ 1,580,844</u>		

TOWN OF CORNELIUS, NORTH CAROLINA

STREETS BOND MAJOR CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	\$ 3,000	\$ 125,336	\$ 103,193	\$ 228,529	\$ 225,529
Expenditures:					
Professional services	420,000	560,810	19,459	580,269	(160,269)
Capital outlay	5,068,000	755,190	936,378	1,691,568	3,376,432
Total expenditures	5,488,000	1,316,000	955,837	2,271,837	3,216,163
Revenues over (under) expenditures	(5,485,000)	(1,190,664)	(852,644)	(2,043,308)	3,441,692
Other Financing Sources (Uses):					
Bond premium	156,318	156,318	-	156,318	-
Proceeds from bond issuance	5,328,682	5,485,000	-	5,485,000	156,318
Total other financing sources (uses)	5,485,000	5,641,318	-	5,641,318	156,318
Net change in fund balance	\$ -	\$ 4,450,654	(852,644)	\$ 3,598,010	\$ 3,598,010
Fund Balance:					
Beginning of year - July 1			4,450,654		
End of year - June 30			\$ 3,598,010		

TOWN OF CORNELIUS, NORTH CAROLINA

**PUBLIC WORKS BUILDING MAJOR CAPITAL PROJECT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019**

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	\$ -	\$ 84	\$ 3	\$ 87	\$ 87
Expenditures:					
Capital outlay	2,000,000	1,872,779	84,811	1,957,590	42,410
Revenues over (under) expenditures	(2,000,000)	(1,872,695)	(84,808)	(1,957,503)	42,497
Other Financing Sources (Uses):					
Issuance of long-term debt	2,000,000	2,000,000	-	2,000,000	-
Net change in fund balance	\$ -	\$ 127,305	(84,808)	\$ 42,497	\$ 42,497
Fund Balance:					
Beginning of year - July 1			127,305		
End of year - June 30			\$ 42,497		

TOWN OF CORNELIUS, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND - 2018 SERIES STREETS BOND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	\$ -	\$ -	\$ 117,769	\$ 117,769	\$ 117,769
Expenditures:					
Capital outlay	6,210,038	-	-	-	6,210,038
Revenues over (under) expenditures	(6,210,038)	-	117,769	117,769	6,327,807
Other Financing Sources (Uses):					
Bond premium	545,038	-	545,038	545,038	-
Proceeds from debt	5,665,000	-	5,665,000	5,665,000	-
Total other financing sources (uses)	6,210,038	-	6,210,038	6,210,038	-
Net change in fund balance	\$ -	\$ -	6,327,807	\$ 6,327,807	\$ 6,327,807
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			\$ 6,327,807		

TOWN OF CORNELIUS, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS

COMBINING BALANCE SHEET

JUNE 30, 2019

	Special Revenue Fund	Capital Project Funds					
	Emergency Telephone System Fund	Caldwell Station Creek Greenway	Diverging Diamond Interchange	Robbins Park/WAC	Arts Center Capital Project Fund	2018 Series Parks Bond Capital Project Fund	Total
Assets:							
Cash and cash equivalents	\$ 401,965	\$ -	\$ 185,675	\$ -	\$ 2,291,139	\$ 660,000	\$ 3,538,779
Accounts receivable	2,438	200	-	-	-	-	2,638
Due from other funds	-	-	-	2,097	-	-	2,097
Restricted cash and cash equivalents	-	-	-	-	-	872,443	872,443
Total assets	<u>\$ 404,403</u>	<u>\$ 200</u>	<u>\$ 185,675</u>	<u>\$ 2,097</u>	<u>\$ 2,291,139</u>	<u>\$ 1,532,443</u>	<u>\$ 4,415,957</u>
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	\$ 765	\$ -	\$ -	\$ -	\$ 55,703	\$ -	\$ 56,468
Due to other funds	80,176	200	185,197	-	36,978	39,008	341,559
Total liabilities	<u>\$ 80,941</u>	<u>\$ 200</u>	<u>\$ 185,197</u>	<u>\$ -</u>	<u>\$ 92,681</u>	<u>\$ 39,008</u>	<u>\$ 398,027</u>
Fund Balances:							
Restricted:							
Stabilization by state statute	2,438	200	-	2,097	-	-	4,735
Public safety	321,024	-	-	-	-	-	321,024
Cultural and recreational	-	-	-	-	-	872,443	872,443
Committed:							
Culture and recreation	-	-	-	-	2,254,161	620,992	2,875,153
Transportation	-	-	478	-	-	-	478
Unassigned	-	(200)	-	-	(55,703)	-	(55,903)
Total fund balances	<u>323,462</u>	<u>-</u>	<u>478</u>	<u>2,097</u>	<u>2,198,458</u>	<u>1,493,435</u>	<u>4,017,930</u>
Total liabilities and fund balances	<u>\$ 404,403</u>	<u>\$ 200</u>	<u>\$ 185,675</u>	<u>\$ 2,097</u>	<u>\$ 2,291,139</u>	<u>\$ 1,532,443</u>	<u>\$ 4,415,957</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2019

	Special Revenue Fund	Capital Project Funds					
	Emergency Telephone System Fund	Caldwell Station Creek Greenway	Diverging Diamond Interchange	Robbins Park/WAC	Arts Center Capital Project Fund	2018 Series Parks Bond Capital Project Fund	Total
Revenues:							
Restricted intergovernmental	\$ 184,876	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,876
Miscellaneous	-	-	-	-	321,967	-	321,967
Investment earnings	11,457	-	-	-	2,172	19,498	33,127
Total revenues	196,333	-	-	-	324,139	19,498	539,970
Expenditures:							
Public safety	106,391	-	-	-	-	-	106,391
Cultural and recreation	-	-	-	8,619	92,681	236,063	337,363
Total expenditures	106,391	-	-	8,619	92,681	236,063	443,754
Revenues over (under) expenditures	89,942	-	-	(8,619)	231,458	(216,565)	96,216
Other Financing Sources (Uses):							
Long-term debt issued	-	-	-	-	-	1,050,000	1,050,000
Transfers in	142	6,180	-	-	1,967,000	-	1,973,322
Total other financing sources (uses)	142	6,180	-	-	1,967,000	1,050,000	3,023,322
Net change in fund balances	90,084	6,180	-	(8,619)	2,198,458	833,435	3,119,538
Fund Balances:							
Beginning of year - July 1	233,378	(6,180)	478	10,716	-	660,000	898,392
End of year - June 30	\$ 323,462	\$ -	\$ 478	\$ 2,097	\$ 2,198,458	\$ 1,493,435	\$ 4,017,930

TOWN OF CORNELIUS, NORTH CAROLINA

SPECIAL REVENUE FUND - EMERGENCY TELEPHONE SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budget	Actual	Variance Over/Under
Revenues:			
Restricted intergovernmental	\$ 184,876	\$ 184,876	\$ -
Investment earnings	1,650	11,457	9,807
Total revenues	<u>186,526</u>	<u>196,333</u>	<u>9,807</u>
Expenditures:			
Public safety	<u>199,020</u>	<u>106,391</u>	<u>92,629</u>
Revenues over (under) expenditures	<u>(12,494)</u>	<u>89,942</u>	<u>102,436</u>
Other Financing Sources (Uses):			
Transfers in	-	142	142
Appropriated fund balance	<u>12,494</u>	<u>-</u>	<u>(12,494)</u>
Total other financing sources (uses)	<u>12,494</u>	<u>142</u>	<u>(12,352)</u>
Net change in fund balance	<u>\$ -</u>	<u>90,084</u>	<u>\$ 90,084</u>
Fund Balance:			
Beginning of year - July 1		<u>233,378</u>	
End of year - June 30		<u>\$ 323,462</u>	

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - CALDWELL STATION CREEK GREENWAY
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental	\$ 3,161,537	\$ 2,886,185	\$ -	\$ 2,886,185	\$ (275,352)
Expenditures:					
Cultural and recreation	500,000	423,395	-	423,395	76,605
Capital outlay	3,402,717	3,203,970	-	3,203,970	198,747
Total expenditures	3,902,717	3,627,365	-	3,627,365	275,352
Revenues over (under) expenditures	(741,180)	(741,180)	-	(741,180)	-
Other Financing Sources (Uses):					
Transfer in from General Fund	741,180	735,000	6,180	741,180	-
Net change in fund balance	\$ -	\$ (6,180)	6,180	\$ -	\$ -
Fund Balance:					
Beginning of year - July 1			(6,180)		
End of year - June 30			\$ -		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - DIVERGING DIAMOND INTERCHANGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Expenditures:					
Professional services	\$ 1,261,467	\$ 885,198	\$ -	\$ 885,198	\$ 376,269
Revenues over (under) expenditures	(1,261,467)	(885,198)	-	(885,198)	376,269
Other Financing Sources (Uses):					
Transfer from General Fund	1,261,467	885,676	-	885,676	(375,791)
Net change in fund balance	\$ -	\$ 478	-	\$ 478	\$ 478
Fund Balance:					
Beginning of year - July 1			478		
End of year - June 30			\$ 478		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - ROBBINS PARK/WAC
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental:					
PARTF Grant	\$ 800,000	\$ 800,000	\$ -	\$ 800,000	\$ -
Donations	17,500	18,248	-	18,248	748
Investment earnings	8,124	8,463	-	8,463	339
Total revenues	<u>825,624</u>	<u>826,711</u>	<u>-</u>	<u>826,711</u>	<u>1,087</u>
Expenditures:					
Professional services	1,840,000	1,244,912	-	1,244,912	595,088
Capital outlay	<u>5,527,500</u>	<u>5,512,959</u>	<u>8,619</u>	<u>5,521,578</u>	<u>5,922</u>
Total expenditures	<u>7,367,500</u>	<u>6,757,871</u>	<u>8,619</u>	<u>6,766,490</u>	<u>601,010</u>
Revenues over (under) expenditures	<u>(6,541,876)</u>	<u>(5,931,160)</u>	<u>(8,619)</u>	<u>(5,939,779)</u>	<u>602,097</u>
Other Financing Sources (Uses):					
Long-term debt issued	5,050,000	4,450,000	-	4,450,000	(600,000)
Transfer from General Fund	<u>1,491,876</u>	<u>1,491,876</u>	<u>-</u>	<u>1,491,876</u>	<u>-</u>
Total other financing sources (uses)	<u>6,541,876</u>	<u>5,941,876</u>	<u>-</u>	<u>5,941,876</u>	<u>(600,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,716</u>	<u>(8,619)</u>	<u>\$ 2,097</u>	<u>\$ 2,097</u>
Fund Balance:					
Beginning of year - July 1			<u>10,716</u>		
End of year - June 30			<u>\$ 2,097</u>		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - ARTS CENTER
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

			Actual		
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Miscellaneous revenues	\$ -	\$ -	\$ 321,967	\$ 321,967	\$ 321,967
Investment earnings	-	-	2,172	2,172	2,172
Total revenues	-	-	324,139	324,139	324,139
Expenditures:					
Professional services	-	-	92,681	92,681	(92,681)
Capital outlay	1,967,000	-	-	-	1,967,000
Total expenditures	1,967,000	-	92,681	92,681	1,874,319
Revenues over (under) expenditures	(1,967,000)	-	231,458	231,458	2,198,458
Other Financing Sources (Uses):					
Transfers from other fund	1,967,000	-	1,967,000	1,967,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	2,198,458	<u>\$ 2,198,458</u>	<u>\$ 2,198,458</u>
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			<u>\$ 2,198,458</u>		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - 2018 SERIES PARKS BOND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2019

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	\$ -	\$ -	\$ 19,498	\$ 19,498	\$ 19,498
Expenditures:					
Professional services	-	-	236,063	236,063	(236,063)
Capital outlay	1,710,000	-	-	-	1,710,000
Total expenditures	1,710,000	-	236,063	236,063	1,473,937
Revenues over (under) expenditures	(1,710,000)	-	(216,565)	(216,565)	1,493,435
Other Financing Sources (Uses):					
Proceeds from debt	1,050,000		1,050,000	1,050,000	-
Transfers from other fund	660,000	660,000	-	660,000	-
Total other financing sources (uses)	1,710,000	660,000	1,050,000	1,710,000	-
Net change in fund balance	\$ -	\$ 660,000	833,435	\$ 1,493,435	\$ 1,493,435
Fund Balance:					
Beginning of year - July 1			660,000		
End of year - June 30			\$ 1,493,435		

TOWN OF CORNELIUS, NORTH CAROLINA

ELECTRIC FUND

SCHEDULE OF REVENUES AND EXPENDITURES

BUDGET AND ACTUAL (NON-GAAP)

FOR THE YEAR ENDED JUNE 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating Revenues:			
Charges for services	\$ 6,689,526	\$ 6,747,065	\$ 57,539
Other operating revenue	-	42,558	42,558
Total operating revenues	<u>6,689,526</u>	<u>6,789,623</u>	<u>100,097</u>
Non-Operating Revenues:			
Investment earnings	-	14,626	14,626
Miscellaneous	10,000	40,096	30,096
Total non-operating revenues	<u>10,000</u>	<u>54,722</u>	<u>44,722</u>
Total revenues	<u>6,699,526</u>	<u>6,844,345</u>	<u>144,819</u>
Expenditures:			
Administration:			
Administrative and contracted services	<u>197,400</u>	<u>98,331</u>	<u>99,069</u>
Operating:			
Salaries and employee benefits	565,441	509,907	55,534
Contracted maintenance	150,000	130,548	19,452
Other operating expenses	590,854	597,543	(6,689)
Total operating expenses	<u>1,306,295</u>	<u>1,237,998</u>	<u>68,297</u>
Electrical power purchases	<u>4,565,549</u>	<u>4,524,182</u>	<u>41,367</u>
Capital Outlay:			
Equipment	<u>723,900</u>	<u>469,143</u>	<u>254,757</u>
Debt Service:			
Principal repayment	25,760	25,727	33
Interest and fees	1,800	1,102	698
Total	<u>27,560</u>	<u>26,829</u>	<u>731</u>
Total expenditures	<u>6,820,704</u>	<u>6,356,483</u>	<u>464,221</u>
Revenues over (under) expenditures	(121,178)	487,862	609,040
Other Financing Sources (Uses):			
Appropriated fund balance	<u>121,178</u>	-	<u>(121,178)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	487,862	<u>\$ 487,862</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual:			
Capital outlay		469,143	
Depreciation		(546,371)	
Principal repayment		<u>25,727</u>	
Change in net position		<u>\$ 436,361</u>	

TOWN OF CORNELIUS, NORTH CAROLINA

PENSION TRUST FUNDS

COMBINING STATEMENTS OF FIDUCIARY NET POSITION

JUNE 30, 2019

	OPEB Trust Fund	LEOSSA Trust Fund	Total
Assets:			
Restricted assets:			
Investments:			
Fixed income	\$ 204,928	\$ 204,928	\$ 409,856
 Total assets	 204,928	 204,928	 409,856
 Net Position:			
Net position restricted for post-employment benefits other than pensions	204,928	-	204,928
Net position restricted for defined benefit pensions	-	204,928	204,928
 Total net position	 \$ 204,928	 \$ 204,928	 \$ 409,856

TOWN OF CORNELIUS, NORTH CAROLINA**PENSION TRUST FUNDS****COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2019**

	OPEB Trust Fund	LEOSSA Trust Fund	Total
Additions:			
Investment income	\$ 3,863	\$ 3,863	\$ 7,726
Change in net position	3,863	3,863	7,726
Net Position:			
Beginning of year - July 1	201,065	201,065	402,130
End of year - June 30	<u>\$ 204,928</u>	<u>\$ 204,928</u>	<u>\$ 409,856</u>

TOWN OF CORNELIUS, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF AD VALOREM TAXES RECEIVABLE****JUNE 30, 2019**

Fiscal Year	Beginning Balance	Additions	Collections and Credits	Ending Balance
2018-2019	\$ -	\$ 14,180,203	\$ 14,125,046	\$ 55,157
2017-2018	46,246	-	22,310	23,936
2016-2017	36,650	10	6,571	30,089
2015-2016	18,552	-	1,518	17,034
2014-2015	20,651	60	867	19,844
2013-2014	29,677	2,575	3,347	28,905
2012-2013	33,507	4,020	5,291	32,236
2011-2012	30,624	3,309	4,019	29,914
2010-2011	49,909	4,582	5,002	49,489
2009-2010	48,758	4,565	5,044	48,279
2008-2009	49,690	3,985	53,675	-
Total	\$ 364,264	\$ 14,203,309	\$ 14,232,690	334,883
Less: Allowance for uncollectible accounts				<u>(148,996)</u>
Ad valorem taxes receivable, net				<u>\$ 185,887</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 14,426,414
Reconciling items:				
Penalties and interest collected				(50,210)
Amounts written off due to Statute of Limitations				53,675
Miscellaneous adjustments				<u>(197,189)</u>
Total collections and credits				<u>\$ 14,232,690</u>

TOWN OF CORNELIUS, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2019

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	<u>\$ 5,140,940,943</u>	\$ 0.255	<u>\$ 14,156,731</u>	<u>\$ 13,077,718</u>	<u>\$ 1,079,013</u>
Total original levy	<u>5,555,726,819</u>		<u>14,156,731</u>	<u>13,077,718</u>	<u>1,079,013</u>
Discoveries	<u>20,120,627</u>		<u>83,948</u>	<u>83,948</u>	<u>-</u>
Releases	<u>(23,716,086)</u>		<u>(60,476)</u>	<u>(60,476)</u>	<u>-</u>
Net Levy	<u>\$ 5,552,131,360</u>		<u>14,180,203</u>	<u>13,101,190</u>	<u>1,079,013</u>
Uncollected taxes at June 30, 2019			<u>(55,157)</u>	<u>(55,157)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 14,125,046</u>	<u>\$ 13,046,033</u>	<u>\$ 1,079,013</u>
Current Levy Collection Percentage			<u>99.61%</u>	<u>99.58%</u>	<u>100.00%</u>
Prior year levy collection percentage			<u>99.67%</u>	<u>99.64%</u>	<u>100.00%</u>

Statistical Section

This part of the Town of Cornelius' Comprehensive Annual Financial Report presents detailed information as a context for understanding how the information in the financial statements, note disclosures, and required supplementary information depicts the government's overall financial health.

Contents

	<u>Pages</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	101-108
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.	109-113
Debt Capacity	
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	114-118
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.	119-122
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.	123-126

Town of Cornelius
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities				
Invested in capital assets, net of related debt	\$ 21,123,262	\$ 27,861,977	\$30,698,517	\$33,020,585
Restricted	133,509	1,252,839	1,846,429	2,226,837
Unrestricted	<u>17,791,102</u>	<u>12,383,010</u>	<u>12,869,922</u>	<u>11,790,116</u>
Total governmental activities net position	<u>39,047,873</u>	<u>41,497,826</u>	<u>45,414,868</u>	<u>47,037,538</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 5,325,626	\$ 5,297,135	\$ 5,483,939	\$ 5,210,663
Unrestricted	<u>552,426</u>	<u>932,373</u>	<u>990,552</u>	<u>1,183,245</u>
Total business-type activities net position	<u>5,878,052</u>	<u>6,229,508</u>	<u>6,474,491</u>	<u>6,393,908</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 26,448,888	\$ 33,159,112	\$36,182,456	\$38,231,248
Restricted	133,509	1,252,839	1,846,429	\$ 2,226,837
Unrestricted	<u>18,343,528</u>	<u>13,315,383</u>	<u>13,860,474</u>	<u>12,973,361</u>
Total primary government activities net position	<u>\$ 44,925,925</u>	<u>\$ 47,727,334</u>	<u>\$51,889,359</u>	<u>\$53,431,446</u>

Note: The Town began to report accrual information when it implemented GASB 34 in fiscal year 2004.

In FY 2015, the Town issued \$9,685,000 in GO Bonds

In FY 2019, the Town issued \$6,715,000 in GO Bonds

Table 1

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 35,540,964	\$37,867,184	\$41,722,122	\$47,899,276	\$49,983,641	\$51,399,791
3,276,468	12,767,936	10,480,695	2,129,351	2,687,009	3,716,807
<u>11,079,870</u>	<u>2,185,428</u>	<u>5,145,658</u>	<u>12,009,734</u>	<u>12,937,018</u>	<u>16,691,941</u>
<u>49,897,302</u>	<u>52,820,548</u>	<u>57,348,475</u>	<u>62,038,361</u>	<u>65,607,668</u>	<u>71,808,539</u>
\$ 5,034,940	\$ 5,255,017	\$ 5,272,789	\$ 5,432,969	\$ 5,435,308	\$ 5,383,807
<u>1,586,340</u>	<u>1,535,838</u>	<u>2,065,372</u>	<u>2,247,491</u>	<u>2,580,847</u>	<u>3,068,709</u>
<u>6,621,280</u>	<u>6,790,855</u>	<u>7,338,161</u>	<u>7,680,460</u>	<u>8,016,155</u>	<u>8,452,516</u>
\$ 40,575,904	\$43,122,201	\$46,994,911	\$53,332,245	\$55,418,949	\$56,783,598
\$ 3,276,468	\$12,767,936	\$10,480,695	\$ 2,129,351	\$ 2,687,009	\$ 3,716,807
<u>12,666,210</u>	<u>3,721,266</u>	<u>7,211,030</u>	<u>14,257,225</u>	<u>15,517,865</u>	<u>19,760,650</u>
<u>\$ 56,518,582</u>	<u>\$59,611,403</u>	<u>\$64,686,636</u>	<u>\$69,718,821</u>	<u>\$73,623,823</u>	<u>\$80,261,055</u>

Town of Cornelius
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

Expenses	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Governmental activities:					
General government	\$ 1,555,204	\$ 2,302,196	\$ 1,998,319	\$ 2,038,339	\$ 2,086,798
Public safety	5,723,046	6,872,136	7,398,993	8,048,233	7,721,100
Highways/streets	2,220,249	1,486,901	1,593,866	1,877,535	1,611,801
Environmental protection	1,907,812	1,859,410	1,951,637	2,079,300	2,140,755
Economic development	1,048,159	1,170,997	1,013,068	1,157,450	1,098,875
Cultural and recreation	2,413,848	1,562,861	1,686,276	1,811,507	1,823,352
Interest on long-term debt	490,713	447,673	465,080	377,090	368,695
Total governmental activities expenses	<u>\$ 15,359,031</u>	<u>\$ 15,702,174</u>	<u>\$ 16,107,239</u>	<u>\$ 17,389,454</u>	<u>\$ 16,851,376</u>
Business-type activities:					
Electric	4,010,497	4,437,763	4,820,909	5,244,234	5,463,270
Total business-type activities	<u>4,010,497</u>	<u>4,437,763</u>	<u>4,820,909</u>	<u>5,244,234</u>	<u>5,463,270</u>
Total primary governmental expenses	<u>\$ 19,369,528</u>	<u>\$ 20,139,937</u>	<u>\$ 20,928,148</u>	<u>\$ 22,633,688</u>	<u>\$ 22,314,646</u>
Program Revenues					
Governmental activities:					
Charges for services					
General Government	\$ 202,334	\$ 217,006	\$ 222,051	\$ 30,273	\$ 11,567
Public Safety	391,447	458,759	552,375	168,935	176,250
Highways/streets	-	-	-	-	-
Economic development	51,522	34,582	41,086	53,825	52,399
Cultural and recreation	351,755	396,198	395,048	438,953	418,852
Operating grants and contributions	1,942,839	1,850,556	1,772,246	1,623,033	2,276,584
Capital grants and contributions	<u>720,842</u>	<u>356,366</u>	<u>57,573</u>	<u>38,237</u>	<u>10,461</u>
Total governmental activities program revenues	<u>3,660,739</u>	<u>3,313,467</u>	<u>3,040,379</u>	<u>2,353,256</u>	<u>2,946,113</u>
Business-type activities:					
Charges for services					
Electric	\$ 4,267,380	\$ 4,786,903	\$ 5,065,272	\$ 5,163,650	\$ 5,690,640
Operating grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>4,267,380</u>	<u>4,786,903</u>	<u>5,065,272</u>	<u>5,163,650</u>	<u>5,690,640</u>
Total primary government program revenues	<u>\$ 7,928,119</u>	<u>\$ 8,100,370</u>	<u>\$ 8,105,651</u>	<u>\$ 7,516,906</u>	<u>\$ 8,636,753</u>
Net (expense)/revenue:					
Governmental activities	\$(11,698,292)	\$(12,388,707)	\$(13,066,860)	\$(15,036,198)	\$(13,905,263)
Business-type activities	256,883	349,140	244,363	(80,584)	227,370
Total primary government net revenue	<u>\$(11,441,409)</u>	<u>\$(12,039,567)</u>	<u>\$(12,822,497)</u>	<u>\$(15,116,782)</u>	<u>\$(13,677,893)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	10,442,383	10,577,265	12,399,104	11,854,618	11,722,994
Sales taxes	2,166,112	2,124,137	2,427,774	2,594,177	2,739,189
Other taxes and licenses	2,674,912	2,037,316	2,103,407	2,166,963	2,258,485
Unrestricted investment earnings	124,927	99,942	53,617	43,110	44,359
Miscellaneous	-	-	-	-	-
Total governmental activities	<u>15,408,334</u>	<u>14,838,660</u>	<u>16,983,902</u>	<u>16,658,868</u>	<u>16,765,027</u>
Business-type activities:					
Investment earnings	1,906	2,316	620	1	2
Miscellaneous	-	-	-	-	-
Total business-type activities	<u>1,906</u>	<u>2,316</u>	<u>620</u>	<u>1</u>	<u>2</u>
Total primary government	<u>\$ 15,410,240</u>	<u>\$ 14,840,976</u>	<u>\$ 16,984,522</u>	<u>\$ 16,658,869</u>	<u>\$ 16,765,029</u>
Change in Net Position					
Governmental activities	\$ 3,710,042	\$ 2,449,953	\$ 3,917,042	\$ 1,622,670	\$ 2,859,764
Business-type activities	258,789	351,456	244,983	(80,583)	227,372
Total primary government	<u>\$ 3,968,831</u>	<u>\$ 2,801,409</u>	<u>\$ 4,162,025</u>	<u>\$ 1,542,087</u>	<u>\$ 3,087,136</u>

Note: Accrual-basis financial information for the Town as a whole is available back to 2004 only, the year GASB Statement 34 was implemented.

Table 2

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 1,938,352	\$ 2,276,375	\$ 1,919,663	\$ 4,069,355	\$ 2,261,191
7,922,022	8,815,704	9,547,889	9,150,439	10,022,509
1,838,500	1,943,529	1,889,059	659,823	1,734,771
2,025,550	1,879,713	2,115,660	2,047,279	2,221,519
1,144,610	1,069,184	1,538,853	1,167,279	1,031,889
2,171,282	2,264,597	2,864,193	3,102,510	3,456,777
<u>279,722</u>	<u>445,768</u>	<u>394,371</u>	<u>300,753</u>	<u>551,834</u>
<u>\$ 17,320,038</u>	<u>\$ 18,694,870</u>	<u>\$ 20,269,688</u>	<u>\$ 20,497,438</u>	<u>\$ 21,280,490</u>
<u>6,032,382</u>	<u>5,933,912</u>	<u>6,206,404</u>	<u>6,274,610</u>	<u>6,378,660</u>
<u>6,032,382</u>	<u>5,933,912</u>	<u>6,206,404</u>	<u>6,274,610</u>	<u>6,378,660</u>
<u>\$ 23,352,420</u>	<u>\$ 24,628,782</u>	<u>\$ 26,476,092</u>	<u>\$ 26,772,048</u>	<u>\$ 27,659,150</u>
\$ 24,146	\$ 19,052	76,489	84,540	69,126
176,882	612,460	71,176	71,915	68,522
-	-	-	-	-
55,349	75,211	150,505	118,302	86,723
496,773	696,420	639,063	749,629	799,047
2,091,597	1,951,014	1,892,199	2,042,861	2,314,551
<u>391,925</u>	<u>1,091,287</u>	<u>2,175,723</u>	<u>96,137</u>	<u>1,266,105</u>
<u>3,236,672</u>	<u>4,445,444</u>	<u>5,005,155</u>	<u>3,163,384</u>	<u>4,604,074</u>
\$ 6,201,503	\$ 6,479,803	6,545,889	6,618,464	6,800,395
-	-	-	-	-
<u>6,201,503</u>	<u>6,479,803</u>	<u>6,545,889</u>	<u>6,618,464</u>	<u>6,800,395</u>
<u>\$ 9,438,175</u>	<u>\$ 10,925,247</u>	<u>\$ 11,551,044</u>	<u>\$ 9,781,848</u>	<u>\$ 11,404,469</u>
\$(14,083,366)	\$(14,249,426)	(15,264,533)	(17,334,054)	(16,676,416)
169,121	545,891	339,485	343,854	421,735
<u>\$(13,914,245)</u>	<u>\$(13,703,535)</u>	<u>\$(14,925,048)</u>	<u>\$(16,990,200)</u>	<u>\$ (16,254,681)</u>
12,259,089	12,576,326	13,728,353	14,093,480	14,415,240
2,926,603	3,159,517	3,237,518	3,736,084	3,983,699
2,662,261	2,954,128	3,472,656	3,566,007	3,731,456
48,538	87,382	148,641	321,554	746,892
-	-	-	-	-
<u>17,896,491</u>	<u>18,777,353</u>	<u>20,587,168</u>	<u>21,717,125</u>	<u>22,877,287</u>
454	1,415	2,814	7,967	14,626
-	-	-	-	-
<u>454</u>	<u>1,415</u>	<u>2,814</u>	<u>7,967</u>	<u>14,626</u>
<u>\$ 17,896,945</u>	<u>\$ 18,778,768</u>	<u>\$ 20,589,982</u>	<u>\$ 21,725,092</u>	<u>\$ 22,891,913</u>
\$ 3,813,125	\$ 4,527,927	5,322,635	4,383,071	6,200,871
169,575	547,306	342,299	351,821	436,361
<u>\$ 3,982,700</u>	<u>\$ 5,075,233</u>	<u>\$ 5,664,934</u>	<u>\$ 4,734,892</u>	<u>\$ 6,637,232</u>

Town of Cornelius
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General Fund				
Reserved	\$ 4,224,438	\$ -	\$ -	\$ -
Unreserved	6,801,862	-	-	-
Non Spendable		383,136	167,514	192,007
Restricted		2,467,764	1,528,738	1,162,160
Committed		-	-	-
Unassigned		6,778,859	9,852,303	9,655,447
Total General Fund	<u>\$ 11,026,300</u>	<u>\$ 9,629,759</u>	<u>\$ 11,548,555</u>	<u>\$ 11,009,614</u>
All other governmental funds				
Reserved				
Special revenue funds	\$ 450,561	\$ -	\$ -	\$ -
Capital projects funds	7,001,595	-	-	-
Restricted in Special Revenue		\$ 488,802	\$ 277,920	\$ 325,013
Restricted in Capital Project	-	\$ 724,766	\$ 39,771	\$ 739,664
Committed in Capital Project		\$ 3,389,237	\$ 3,038,146	\$ 2,807,643
Unassigned in Capital Project		(277)		(37,758)
Total all other governmental funds	<u>\$ 7,452,156</u>	<u>\$ 4,602,528</u>	<u>\$ 3,355,837</u>	<u>\$ 3,834,562</u>

Reserved in Capital Project Funds and Committed in Capital Project represent funds that by debt covenants or Town Board appropriation are restricted/committed to specific projects.

Reserved Special revenue funds and Restricted in Special Revenue represent funds that by State Statute can only be spent on specific 911 eligible projects.

Unassigned in Capital Project Funds represent liabilities in Capital Project Funds at year end.

Table 3

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
184,223	450,088	264,918	217,378	347,638	208,850
1,394,511	1,615,933	1,829,706	1,682,396	2,641,326	2,484,974
-	-	-	-	-	-
11,029,748	11,485,725	13,780,551	12,326,584	12,518,218	14,296,838
<u>\$ 12,608,482</u>	<u>\$ 13,551,746</u>	<u>\$ 15,875,175</u>	<u>\$ 14,226,358</u>	<u>\$ 15,507,182</u>	<u>\$ 16,990,662</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
\$ 447,557	\$ 524,651	\$ 232,237	\$ 131,975	\$ 233,378	\$ 323,462
\$ 2,421,547	\$ 10,627,352	\$ 8,776,492	\$ 7,318,353	\$ 7,342,139	\$ 12,886,643
\$ 2,476,123	\$ 2,352,445	\$ 2,198,733	\$ 2,954,768	\$ 3,708,244	\$ 7,368,115
(720,410)	(314,576)	(1,122,895)	(187,299)	(51,670)	(389,285)
<u>\$ 4,624,817</u>	<u>\$ 13,189,872</u>	<u>\$ 10,084,567</u>	<u>\$ 10,217,797</u>	<u>\$ 11,232,091</u>	<u>\$ 20,188,935</u>

Town of Cornelius
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues				
Ad Valorem Taxes	\$ 10,632,766	\$ 10,696,201	\$ 12,273,774	\$ 11,944,763
Other Taxes	527,908	439,594	444,650	480,117
Unrestricted Intergovernmental	4,801,664	4,246,786	4,622,157	4,811,103
Restricted Intergovernmental	1,846,405	1,440,740	887,985	1,031,659
Permits and fees	580,038	602,305	731,812	197,474
Sales and Services	327,821	357,728	358,550	388,584
Investment Earnings	124,927	99,942	53,617	43,110
Miscellaneous	417,927	387,764	526,406	205,459
Total revenues	<u>\$ 19,259,456</u>	<u>\$ 18,271,060</u>	<u>\$ 19,898,951</u>	<u>\$ 19,102,269</u>
Expenditures				
General government	\$ 1,958,883	\$ 1,740,426	\$ 1,560,016	\$ 1,608,398
Public safety	5,521,316	6,030,113	6,597,315	6,730,905
Transportation	3,982,011	6,029,530	1,149,840	1,611,512
Economic and physical development	1,044,258	1,187,230	1,031,414	1,150,788
Environmental Protection	1,902,240	1,838,848	1,928,391	2,079,300
Cultural and Recreation	2,318,099	1,402,307	1,403,959	1,473,674
Capital Outlay	2,275,477	3,717,881	3,094,925	1,952,681
Debt service				
Principal	\$ 1,948,290	\$ 2,207,773	\$ 2,645,906	\$ 2,358,137
Interest and other charges	590,266	472,561	465,080	377,090
Total expenditures	<u>\$ 21,540,840</u>	<u>\$ 24,626,669</u>	<u>\$ 19,876,846</u>	<u>\$ 19,342,485</u>
Excess of revenues over (under) expenditures	\$ (2,281,384)	\$ (6,355,609)	\$ 22,105	\$ (240,216)
Other financing sources (uses)				
Long-term debt issued	3,900,000	2,560,000	650,000	180,000
Payments made to bondholders	(2,100,000)	-	-	-
Bond Premium	99,553	-	-	-
Transfers from other funds	780,000	6,792,365	591,299	1,035,000
Transfers to other funds	(780,000)	(6,792,365)	(591,299)	(1,035,000)
Proceeds from disposal of assets	-	-	-	-
Proceeds from debt refinancing	-	-	-	-
Total other financing sources (uses)	<u>\$ 1,899,553</u>	<u>\$ 2,560,000</u>	<u>\$ 650,000</u>	<u>\$ 180,000</u>
Net change in fund balances	<u>\$ (381,831)</u>	<u>\$ (3,795,609)</u>	<u>\$ 672,105</u>	<u>\$ (60,216)</u>
Debt services as a percentage of noncapital expenditures	13.2%	12.8%	18.5%	15.7%

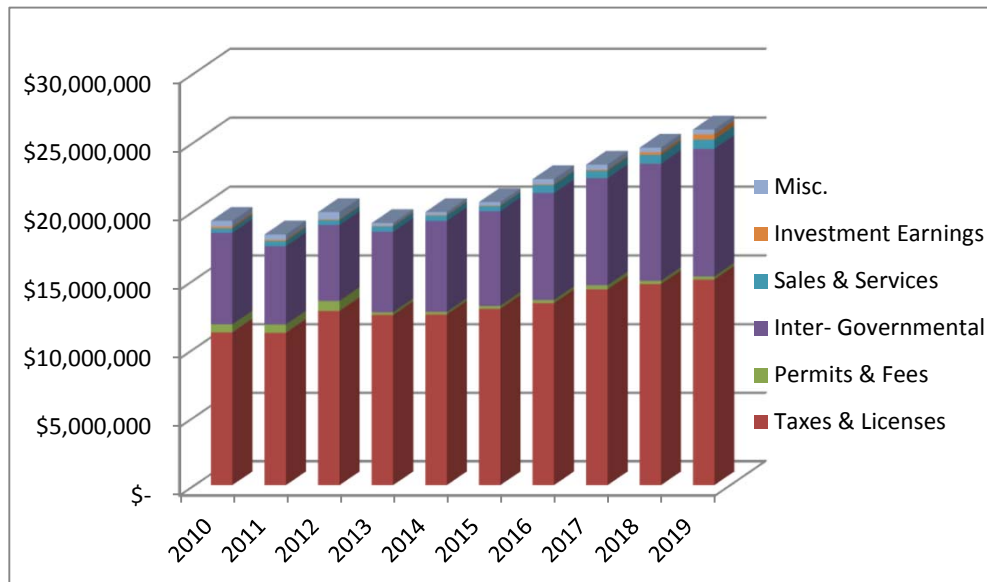
Note: The Town implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Table 4

Year					
<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 11,914,458	\$ 12,286,050	\$ 12,630,725	\$ 13,734,400	\$ 14,129,432	\$ 14,426,414
544,034	590,481	5,723,324	550,628	538,564	574,464
5,000,248	5,595,784	1,016,064	6,159,546	6,763,527	7,140,691
1,607,282	1,803,101	2,626,780	3,800,538	1,935,017	3,022,448
187,487	206,306	230,946	294,951	231,782	216,945
389,695	372,116	598,586	536,949	657,268	695,168
44,359	48,538	87,382	148,641	321,554	746,892
215,041	257,748	363,387	372,717	339,317	669,513
<u>\$ 19,902,604</u>	<u>\$ 21,160,124</u>	<u>\$ 23,277,194</u>	<u>\$ 25,598,370</u>	<u>\$ 24,916,461</u>	<u>\$ 27,492,535</u>
\$ 1,670,214	\$ 1,870,697	\$ 1,908,478	\$ 1,624,247	\$ 3,731,207	\$ 1,941,590
6,828,895	7,046,363	7,830,748	8,033,847	8,455,207	8,396,085
1,122,127	1,636,257	2,093,616	1,264,751	1,745,587	2,096,190
1,096,507	1,114,102	1,065,376	1,522,468	1,165,682	2,217,711
2,139,315	2,065,760	1,879,713	2,111,852	2,043,471	885,469
1,461,090	3,068,845	4,702,489	2,155,036	2,911,481	4,264,745
2,496,673	2,719,390	2,339,984	6,044,532	3,251,055	3,921,013
\$ 2,223,037	\$ 2,318,569	\$ 2,775,130	\$ 4,345,739	\$ 1,908,658	\$ 1,944,800
310,623	280,715	461,900	423,485	320,174	451,978
<u>\$ 19,348,481</u>	<u>\$ 22,120,698</u>	<u>\$ 25,057,434</u>	<u>\$ 27,525,957</u>	<u>\$ 25,532,522</u>	<u>\$ 26,119,581</u>
\$ 554,123	\$ (960,574)	\$ (1,780,240)	\$ (1,927,587)	\$ (616,061)	\$ 1,372,954
1,835,000	10,194,651	998,364	412,000	2,911,179	8,522,332
-	-	-	-	-	-
-	274,242	-	-	-	545,038
522,428	57,570	162,676	771,735	1,436,475	2,757,562
(522,428)	(57,570)	(162,676)	(771,735)	(1,436,475)	(2,757,562)
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 1,835,000</u>	<u>\$ 10,468,893</u>	<u>\$ 998,364</u>	<u>\$ 412,000</u>	<u>\$ 2,911,179</u>	<u>\$ 9,067,370</u>
<u>\$ 2,389,123</u>	<u>\$ 9,508,319</u>	<u>\$ (781,876)</u>	<u>\$ (1,515,587)</u>	<u>\$ 2,295,118</u>	<u>\$ 10,440,324</u>
15.0%	13.4%	14.2%	22.2%	10.0%	10.8%

Town of Cornelius
Governmental Activities Tax Revenues By Source
Last Ten Fiscal Years

Fiscal Year	Taxes & Licenses	Permits & Fees	Inter-Governmental	Sales & Services	Investment Earnings	Misc.	Fiscal Year Total
2010	\$ 11,160,674	\$ 580,038	\$ 6,648,069	\$ 327,821	\$ 124,927	\$ 417,927	\$ 19,259,456
2011	11,135,795	602,305	5,687,526	357,728	99,942	387,764	18,271,060
2012	12,718,424	731,812	5,510,142	358,550	53,617	526,406	19,898,951
2013	12,424,880	197,474	5,842,762	388,584	43,110	205,459	19,102,269
2014	12,458,492	187,487	6,607,530	389,695	44,359	215,041	19,902,604
2015	12,876,531	206,306	6,877,138	372,116	40,210	249,748	20,622,049
2016	13,280,707	230,946	7,762,972	598,586	49,746	363,387	22,286,344
2017	14,285,028	294,951	7,778,082	536,949	76,775	372,717	23,344,502
2018	14,667,996	231,782	8,501,035	657,268	181,043	339,317	24,578,441
2019	15,000,878	216,945	9,259,084	695,168	375,765	347,546	25,895,386



Compiled from Annual Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Fund Types, using the modified accrual basis of accounting.

Table 6

Town of Cornelius
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property		Personal Property		Public Service Companies	Total Taxable Assessed Value*	Total Direct Tax Rate **
2010	\$	3,391,461,567	\$	441,467,968	\$ 16,491,403	\$3,849,420,938	\$ 0
2011		3,435,839,296		428,138,234	15,284,651	3,879,262,181	0.275
2012		4,507,658,983		394,174,354	19,241,063	4,921,074,400	0.250
2013		4,440,886,176		476,831,727	21,507,097	4,939,225,000	0.240
2014		4,414,674,766		519,621,726	21,243,091	4,955,539,583	0.240
2015		4,477,150,817		501,553,379	21,378,304	5,000,082,500	0.240
2016		4,598,688,808		613,512,960	23,360,732	5,235,562,500	0.240
2017		4,689,876,576		719,717,923	22,401,187	5,431,995,686	0.255
2018		4,919,769,638		473,803,428	21,612,424	5,415,185,490	0.255
2019		4,814,977,598		713,334,108	23,819,654	5,552,131,360	0.255

Source: Mecklenburg County Tax Assessor's Office

*Total assessed values are net of abatements

**Tax rate is per \$100 of assessed valuation

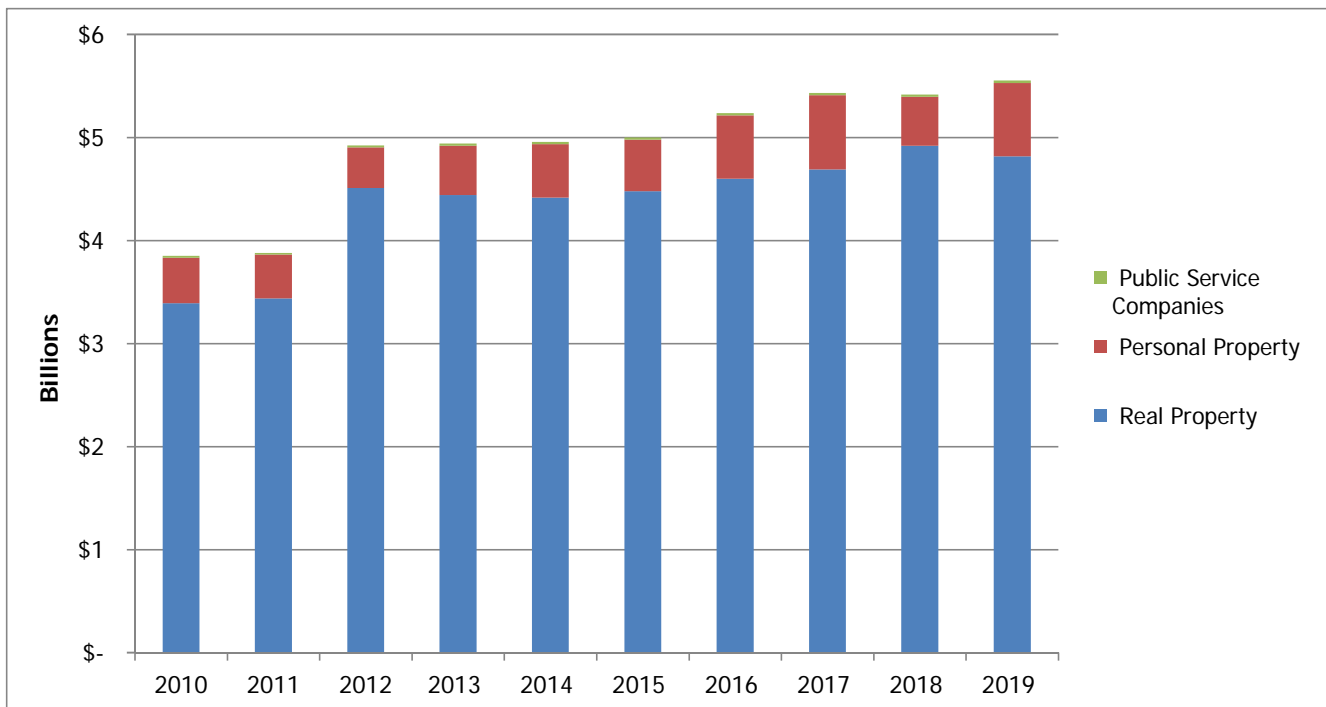


Table 7

Town of Cornelius
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year	Town of Cornelius		Mecklenburg County		Total Direct and Overlapping
	Operating Rate	Total Direct Rate	County Rate	Total County	
2010	0.275	0.275	0.8387	0.8387	1.1137
2011	0.275	0.275	0.8387	0.8387	1.1137
2012	0.250	0.250	0.8166	0.8166	1.0666
2013	0.240	0.240	0.7922	0.7922	1.0322
2014	0.240	0.240	0.8157	0.8157	1.0557
2015	0.240	0.240	0.8157	0.8157	1.0557
2016	0.240	0.240	0.8157	0.8157	1.0557
2017	0.255	0.255	0.8157	0.8157	1.0707
2018	0.255	0.255	0.8157	0.8157	1.0707
2019	0.255	0.255	0.8232	0.8232	1.0782

Table 8

**Town of Cornelius
Principal Property Taxpayers
Current Year and Ten Years Ago**

	2009				2019		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value		Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
<u>Taxpayer</u>				<u>Taxpayer</u>			
WMCI Charlotte III LLC	\$ 34,590,300	1	0.90%	WMCI Charlotte III LLC	\$ 40,335,796	1	0.73%
Kings Park LLC	22,757,800	2	0.59%	*Legacy Cornelius	26,231,300	2	0.47%
BBR/Marina Waterfront LLC	18,646,500	3	0.49%	Kings Park LLC	25,083,000	3	0.45%
The Peninsula Club Inc	14,749,600	4	0.38%	Kenton Place Operating Comp LLC	23,709,300	4	0.43%
Inland Southeast Southlake	13,172,500	5	0.34%	**TH Property Owner 1 LP	19,428,200	5	0.35%
One Norman Square LP	11,696,500	6	0.30%	Colonial Realty LTD Partnership	17,127,000	6	0.31%
MW Ark LLC	8,616,100	7	0.22%	The Peninsula Club Inc	15,606,942	8	0.28%
Heritage Plantation INC	8,175,937	8	0.21%	Jetton Village 1672 LP	14,221,900	7	0.26%
Belk B V Jr	7,714,800	9	0.20%	Inland Southeast Southlake LLC	13,636,300	9	0.25%
Gre Jeton LLC	6,804,200	10	0.18%	Antiquity Town Center LLC	12,560,400	10	0.23%
Totals	<u>\$146,924,237</u>		<u>3.82%</u>	Totals	<u>\$207,940,138</u>		<u>3.75%</u>

Source: Mecklenburg County Office of the Tax Collector

*Tax Value increased due to Session Law 362 bills for 2013 & 2014 reappraisal.

**TH Property Owner 1 LP purchased the property from Sailpointe At The Lake Norman LLC

Table 9

**Town of Cornelius
Property Tax levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$ 10,585,908	\$ 10,391,194	98.16%	\$ 132,033	\$ 10,523,227	99.41%
2011	10,667,971	10,485,683	98.29%	93,939	10,579,622	99.17%
2012	12,523,984	12,262,875	97.92%	182,005	12,444,880	99.37%
2013	12,084,536	11,878,424	98.29%	144,127	12,022,551	99.49%
2014	11,893,295	11,790,135	99.13%	50,055	11,840,190	99.55%
2015	12,000,198	11,924,578	99.37%	42,837	11,967,415	99.73%
2016	12,565,350	12,517,067	99.62%	18,469	12,535,536	99.76%
2017	13,851,589	13,788,226	99.54%	26,723	13,814,949	99.74%
2018	13,808,723	13,762,477	99.67%	22,310	13,784,787	99.83%
2019	14,180,203	14,125,046	99.61%	-	14,125,046	99.61%

Analysis of Current Year Tax and Tax Collections Report - Net of Abatements

Table 10

Town of Cornelius
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Governmental		Business-		Per Capita	% of Per Capita Income	Population
	Installment Financings	General Obligation Bonds	Installment Financings	Total Primary Government			
2010	\$ 12,393,401	\$ 2,075,000	\$ -	\$ 14,468,401	582	0.58%	24,847
2011	12,845,629	1,975,000	-	14,820,629	593	0.57%	24,984
2012	10,949,723	1,875,000	-	12,824,723	500	0.54%	25,671
2013	8,871,586	1,775,000	-	10,646,586	399	0.69%	26,650
2014	8,888,549	1,370,000	-	10,258,549	371	0.81%	27,655
2015	7,484,631	10,650,000	-	18,134,631	635	0.46%	28,540
2016	6,602,865	9,755,000	128,636	16,486,501	560	0.50%	29,431
2017	3,559,126	8,865,000	102,909	12,527,035	415	0.72%	30,207
2018	5,236,647	8,190,000	77,182	13,503,829	433	0.62%	31,158
2019	5,684,179	14,320,000	51,455	20,055,634	632	0.43%	31,737

Note 1: Details regarding the city's outstanding debt can be found in the Town's financial statements.

Note 2: Debt excludes LEO separation allowances and compensated absences.

Note 3: Population amounts are as of July 1 of the fiscal year.

Note 4: Percentage of Personal Income and per capita calculation are based on median household income from 2000 and 2010 Census data.

Table 11

Town of Cornelius
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Assessed Value	Ratio of Bonded Debt To Assess Value	Population	GO Debt Per Capita
2010	\$ 2,075,000	\$ 3,849,420,938	0.05%	24,060	86
2011	1,975,000	3,879,262,181	0.05%	24,984	79
2012	1,875,000	4,921,074,400	0.04%	25,671	73
2013	1,775,000	4,939,225,000	0.04%	26,650	67
2014	1,370,000	4,955,539,583	0.03%	27,655	50
2015	10,650,000	5,000,082,500	0.21%	28,540	373
2016	9,755,000	5,235,562,500	0.19%	29,431	331
2017	8,865,000	5,431,995,686	0.16%	30,207	293
2018	8,190,000	5,415,185,490	0.15%	31,158	263
2019	14,320,000	5,552,131,360	0.26%	31,737	451

Note 1: Details regarding the Town's outstanding debt can be found
in the Town's financial statements

Table 12

Town of Cornelius
Direct and Overlapping Governmental Activities Debt
As of June 30, 2019

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<i>Towns:</i>			
Cornelius (1)	\$ 20,004,179	100%	\$ 20,004,179
<i>Counties:</i>			
Mecklenburg County (2)	<u>1,659,268,330</u>	4.26%	<u>70,746,831</u>
Total direct and overlapping debt	<u>\$ 1,679,272,509</u>		<u>\$ 90,751,010</u>

Sources:

- (1) Audited annual financial reports
- (2) Mecklenburg County finance department

NOTE: Overlapping governments are those that coincide, at least in part, with the geographic bound of the city. This schedule estimates the portion of the outstanding debt of those overlapping governn that is borne by the residents and businesses of the Town of Cornelius. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden by the residents and businesses should be taken into account. However, this does not imply that eve taxpayer is a resident, and therefore responsible for repaying the debt of each overlapping governme The Estimated Percentage Applicable represents the Town's proportionate share of County debt base upon the Town's percentage of the total County assessed value.

**Town of Cornelius
Legal Debt Margin Information
Last Ten Fiscal Years**

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed Value of Property	\$3,849,420,938	\$3,879,262,181	\$4,921,074,400	\$4,939,225,000
Debt Limit, 8% of Assessed Value (Statutory Limitation)	<u>307,953,675</u>	<u>310,340,974</u>	<u>393,685,952</u>	<u>395,138,000</u>
Debt applicable to debt limitations:				
Total bonded debt	2,075,000	1,975,000	1,875,000	1,775,000
Debt not evidenced by bonds	12,393,401	12,845,629	10,949,723	8,871,586
Statutory Deductions	(2,075,000)	(1,975,000)	(1,875,000)	(1,775,000)
Total debt applicable to limitations	<u>12,393,401</u>	<u>12,845,629</u>	<u>10,949,723</u>	<u>8,871,586</u>
Legal debt margin	<u>\$ 295,560,274</u>	<u>\$ 297,495,345</u>	<u>\$ 382,736,229</u>	<u>\$ 386,266,414</u>
Total net debt applicable to the limit as a percentage of debt limit	4.0%	4.1%	2.8%	2.2%

Note: Under state finance law, the Town of Cornelius' outstanding general obligation debt should not exceed 8 percent of total assessed property value. By law, the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds.

Table 13

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$4,955,539,583	\$5,000,082,500	\$5,235,562,500	\$5,431,995,686	\$5,415,185,490	\$5,552,131,360
<u>396,443,167</u>	<u>400,006,600</u>	<u>418,845,000</u>	<u>434,559,655</u>	<u>433,214,839</u>	<u>444,170,509</u>
1,370,000	10,650,000	9,755,000	8,865,000	8,190,000	14,320,000
8,888,549	7,484,631	6,602,865	3,559,126	5,236,648	5,684,179
(1,370,000)	(10,650,000)	(9,755,000)	(8,865,000)	(8,190,000)	(14,320,000)
<u>8,888,549</u>	<u>7,484,631</u>	<u>6,602,865</u>	<u>3,559,126</u>	<u>5,236,648</u>	<u>5,684,179</u>
<u>\$ 387,554,618</u>	<u>\$ 392,521,969</u>	<u>\$ 412,242,135</u>	<u>\$ 431,000,529</u>	<u>\$ 427,978,191</u>	<u>\$ 438,486,330</u>
2.2%	1.9%	1.6%	0.8%	1.2%	1.3%

Table 14

Town of Cornelius
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Total Personal Income *	Per Capita Personal Income**	School Enrollment***	Mecklenburg County Unemployment Rate****	Town Median Family Income*****
2010	24,847	\$ 41,788,576	\$ 31,888	133,664	10.5%	\$ 83,789
2011	24,984	38,962,546	31,995	135,638	*****11.1%	74,241
2012	25,671	43,073,097	32,333	140,773	*****9.5%	69,219
2013	26,650	Not Available	33,200	141,171	*****9.4%	73,804
2014	27,655	Not Available	33,905	142,612	*****6.8%	83,147
2015	28,540	Not Available	39,277	145,363	*****4.9%	83,020
2016	29,431	Not Available	49,511	146,140	*****4.8%	82,698
2017	30,207	Not Available	42,627	146,571	*****4.0%	90,000
2018	31,158	Not Available	52,894	147,157	*****4.1%	84,277
2019	31,737	Not Available	50,524	148,299	*****3.7%	85,908

* United States Census Bureau from the year 2000 and 2010

** Federal Agency Data: Bureau of the Census - US Statistical Abstract

*** Mecklenburg County School Systems

**** Mecklenburg County Government

***** Claritas Market Statistics

***** Mecklenburg County Unemployment Rate as of June 2017; Cornelius data unavailable

Where municipal data is unavailable, County data is displayed.*

Table 15

**Town of Cornelius
Principal Employers
Current Year and One Year Ago**

<u>2019</u>			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Charlotte Mecklenburg Schools	487	1	1.53%
YMCA	310	2	0.98%
Publix	150	3	0.47%
The Peninsula Club	125	4	0.39%
Town of Cornelius	121	5	0.38%
Home Depot	120	6	0.38%
Financial Independence Group Inc.	110	7	0.35%
Harris Teeter	100	8	0.32%
The Fresh Market	100	9	0.32%
FXI	90	10	0.28%
	<u>1,713</u>		<u>5.40%</u>

<u>2018</u>			
<u>Employer</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Charlotte Mecklenburg Schools	467	1	1.50%
YMCA	310	2	0.99%
Publix	150	3	0.48%
The Peninsula Club	150	4	0.48%
Home Depot	120	5	0.39%
Town of Cornelius	120	6	0.39%
Financial Independence Group Inc.	110	7	0.35%
Harris Teeter	100	8	0.32%
The Fresh Market	100	9	0.32%
FXI	90	10	0.29%
	<u>1,717</u>		<u>5.51%</u>

Note: Information obtained from Charlotte Chamber of Commerce.
Additional detail not available

Town of Cornelius
Full-time Equivalent Town Government Employees by Function
Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Function					
General government	12	12	11	11	11
Police	58	60	59	59	59
Communications	12	13	12	10	10
Animal Control	2	2	2	2	2
Public Works	10	10	9	7	7
Parks and Recreation	11	11	10	10	10
Planning	6	6	6	6	6
	<u>111</u>	<u>114</u>	<u>109</u>	<u>105</u>	<u>105</u>

Source: Town of Cornelius Budget

Table 16

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
11	11	11	11	11
59	67	69	69	70
10	10	10	10	10
2	2	2	2	2
7	8	8	8	8
10	11	12	14	14
6	6	6	6	6
105	115	118	120	121

Town of Cornelius
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal			
	2010	2011	2012	2013
Police				
Physical arrests	440	767	636	588
Traffic violations	2,688	6,105	3,340	1,919
Fire				
Number of calls answered	2,251	2,266	2,273	2,405
Highways and streets				
Town Maintained Streets (miles)	89	91	94	95.38
Culture and recreation				
Facility reservations issued	618	465	525	745
Event attendance	9,400	8,000	10,750	8,595

Sources: Various government departments.

NOTE: Indicators are not available for the general government function.

Additional detail not available

Effective FY 2017, Facility Reservations issued is for the number of hours reserved

Table 17

Year					
2014	2015	2016	2017	2018	2019
634	514	506	576	269	283
2,998	2,695	3,109	4,117	3,667	3,153
2,501	2,654	2,740	2,929	3,065	2,985
96.79	97.78	99.51	100.29	101.28	103.15
783	3,432	6,898	15,218	21,015	17,147
14,445	24,000	24,200	25,600	33,000	35,350

Town of Cornelius
Capital Asset Statistics by Function
Last Ten Fiscal Years

	Fiscal				
Function	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Public safety					
Police stations	1	1	1	1	1
Fire stations	2	2	2	2	2
Highways and streets					
Streets (miles)	89	91	94	95.38	96.79
Traffic signals	16	16	16	16	16
Parks and Recreation					
Parks acreage	343	343	343	343	348
Parks	10	10	10	10	10
Libraries	1	1	1	1	1

Data provided by Town Staff

Table 18

Year				
<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
1	1	1	1	1
2	2	2	2	2
97.78	99.51	100.29	101.28	103.15
16	16	17	17	17
356	370	433	450	454
10	14	14	14	14
1	1	1	1	1



COMPLIANCE SECTION



MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Internal Control Over Financial Reporting and On Compliance And Other Matters Based On An Audit Of Financial Statements Performed In Accordance With *Government Auditing Standards*

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Cornelius
Cornelius, 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, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cornelius, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Cornelius' basic financial statements, and have issued our report thereon dated October 24, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Cornelius' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance 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 non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 24, 2019

MARTIN ♦ STARNES & ASSOCIATES, CPAs, P.A.

"A Professional Association of Certified Public Accountants and Management Consultants"

Report On Compliance For Each Major State Program and Report On Internal Control Over Compliance Required by the Uniform Guidance And the State Single Audit Implementation Act

Independent Auditor's Report

To the Honorable Mayor and
Members of the Board of Commissioners
Town of Cornelius
Cornelius, North Carolina

Report on Compliance for Each Major State Program

We have audited the Town of Cornelius, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Cornelius' major state programs for the year ended June 30, 2019. The Town of Cornelius' major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Town of Cornelius complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 24, 2019

TOWN OF CORNELIUS, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2019

1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified?

No

- Significant deficiency(ies) identified?

None reported

Non-compliance material to financial statements noted?

No

State Awards

Internal control over major state programs:

- Material weakness(es) identified?

No

- Significant deficiency(ies) identified?

None reported

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

Unmodified

Any audit findings disclosed that are required to be reported in accordance the State Single Audit Implementation Act?

No

Identification of major state programs:

Program Name

Powell Bill

2. Financial Statement Findings

None reported

3. State Award Findings and Questioned Costs

None reported

TOWN OF CORNELIUS, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019

None reported.

TOWN OF CORNELIUS, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2019

Federal/State Program Program Title	Federal CFDA Number	State/ Pass-Through Grantor's Number	Fed. (Direct and Pass-Through) Expenditures	State Expenditures	Pass-through to Subrecipients
<u>Federal Assistance</u>					
<u>U.S. Department of Housing and Urban Development:</u>					
Passed-through the Charlotte-Mecklenburg Regional Housing Consortium:					
Home Investment Partnerships Program	14.239	2017001322	\$ 15,000	\$ -	\$ -
<u>U.S. Environmental Protection Agency</u>					
Passed-through the N.C. Department of Environmental Quality:					
Nonpoint Source Implementation Grants	66.460	99465717	50,000	-	-
<u>U.S. Department of Transportation:</u>					
Passed-through the N.C. Department of Transportation:					
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205	46417.3.1	619,179	-	-
Total Highway Planning and Construction Cluster			619,179	-	-
Highway Safety Cluster					
State and Community Highway Safety	20.600	22018.6.14	13,959	-	-
Total Highway Safety Cluster			13,959	-	-
Total U.S. Department of Transportation			633,138	-	-
Total Federal Assistance			\$ 698,138	-	-
<u>State Assistance</u>					
<u>North Carolina Department of Transportation</u>					
Powell Bill		DOT-4		793,711	-
Highway Construction Program		DOT-18		161,000	-
Total North Carolina Department of Transportation				954,711	-
<u>North Carolina Department of Natural and Cultural Resources</u>					
North Mecklenburg Regional Community Art Center Project				100,000	-
North Mecklenburg Regional Community Art Center 2018-2019 Educational Outreach Project				25,000	25,000
Total North Carolina Department of Natural and Cultural Resources				125,000	25,000
Total State Assistance				\$ 1,079,711	\$ 25,000

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of the Town of Cornelius under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Cornelius, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Town of Cornelius.

Note 2 - Summary of Significant Accounting Policies

Expenditures reported in the SEFSA are reported on the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable, or are limited, as to reimbursement.

Note 3 - Indirect Cost Rate

The Town of Cornelius has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

