TOWN OF MINT HILL, NORTH CAROLINA

Audited Financial Statements

For the Fiscal Year Ended June 30, 2019

Board of Commissioners

Ted H. Biggers, Mayor
Mike Cochrane
Dale Dalton
Carl M. Ellington
Richard Newton

Administrative and Financial Staff

Brian L. Welch, Town Manager
D. Lee Bailey, Deputy Town Manager
Naida Sergel, Finance Director

TOWN OF MINT HILL, NORTH CAROLINA

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FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mint Hill, North Carolina, as of and for the year ended June 30, 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 General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mint Hill, North Carolina as of June 30, 2019, and the respective Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund and the Storm Water Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 4-12, the Law Enforcement Officers' Special Separation Allowances on pages 55-56, and the Other Postemployment Benefits' Schedule of Changes in the Total OPEB Liability and Related Ratios on page 57, respectively, and the Local Government Employees' Retirement System's Schedules of Proportionate Share of the Net Pension Asset and Contributions on pages 58-59, be presented to supplement the basic financial statements. Such information, although not a required part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 29, 2019, on our consideration of Town of Mint Hill's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Mint Hill's internal control over financial reporting and compliance.

Rowell, Craven & Short, P.A.

Rowell Craven & Short P.A.
Charlotte. North Carolina
November 29, 2019

Management's Discussion and Analysis

Introduction

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

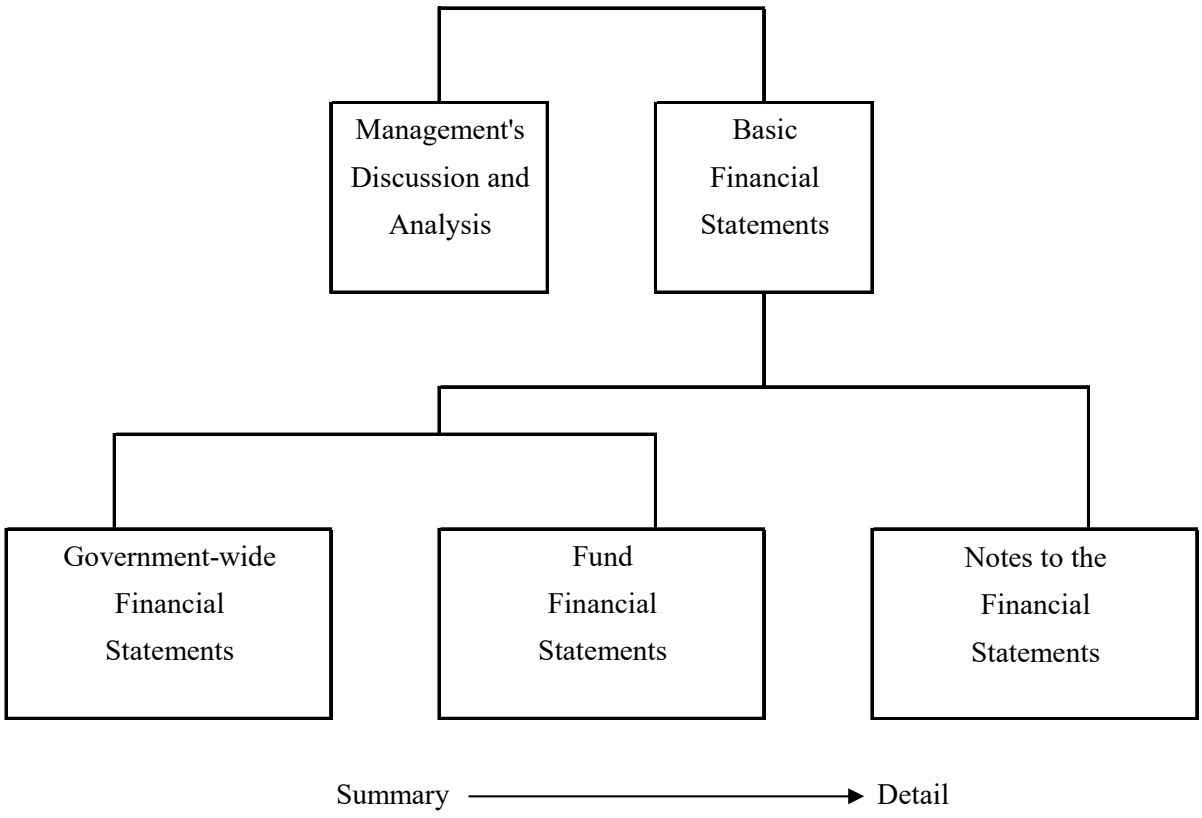
- The assets of the Town *exceeded* its liabilities and deferred inflow of resources at the close of the fiscal year by $60,355,423.
- The Town's total net position *decreased* by $1,825,206 primarily due to a lack of contributed streets to the Town's maintenance system. An increase in actual revenues and expenditures compared to previous year revenues and expenditures remained steadfast throughout the year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of $8,475,110, a *decrease* of $523,003 in fund balance. Approximately 18.42% of this total amount or $1,561,038 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was $5,452,836 or 36.81% of total general fund expenditures for the fiscal year.
- The Town's total debt decreased by $278,151 to $827,531 (25.16%) during the current fiscal year. The key factor(s) in this decrease was the reduction in the general obligation debt.
- The Town maintained its A1 bond rating in fiscal year 2019.

Overview of the Financial Statements

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

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

The first two statements (Exhibits 1 and 2) in the basic financial statements are the **Government-wide Financial Statements**. They provide both short and long-term information about the Town's financial status.

The next statements (Exhibits 3 through 6) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town government. These statements provide more detail than the government-wide statements. There are two parts to the Fund Financial Statements: 1) the governmental funds statements; and 2) the budgetary comparison statements.

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 20 through 54 of this report.

Other Information - In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Mint Hill's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 55 through 59 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 government and other holders of publicly held U.S. Treasury Securities.

Government-Wide Financial Analysis

The Town of Mint Hill's Net Position
Figure 2

	Governmental-Type Activities	
	2019	2018
Current and other assets	$ 9,560,785	$ 10,443,040
Capital assets	57,797,466	58,364,753
Deferred outflows of resources	1,607,406	953,612
Total assets and deferred outflows of resources	68,965,657	69,761,405
Long-term liabilities outstanding	6,457,066	5,500,994
Other liabilities	1,381,415	1,360,205
Deferred inflows of resources	771,753	635,485
Total liabilities and deferred inflows of resources	8,610,234	7,496,684
Net position:		
Invested in capital assets, net of related debt	57,219,935	57,934,071
Restricted	1,825,185	1,529,416
Unrestricted	1,310,303	2,801,234
Total net position	$ 60,355,423	$ 62,264,721

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Mint Hill exceeded liabilities and deferred inflow of resources by $60,355,423 as of June 30, 2019. The net position of the Town decreased by $1,825,206 for the fiscal year ended June 30, 2019. However, the largest portion (94.81%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Mint Hill uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Mint Hill's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position $1,825,185 represents resources that are subject to external restrictions on how they may be used. The remaining balance of $1,310,303 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.69%, which is comparable to the statewide average of 99.08%.

- Continued low cost of debt due to the Town's high bond rating and on-going relationship with financing source(s).

Town of Mint Hill Changes in Net Position
Figure 3

	Governmental Activities	
	2019	**2018**
Revenues:		
Program revenues:		
Operating grants and contributions	$ 1,385,696	$ 1,395,280
Capital grants and contributions	-	15,008,000
General revenues:		
Property taxes	7,354,620	6,988,494
Other taxes	224,838	222,935
Grants and contributions not restricted to specific programs	3,515,177	3,402,747
Other	1,911,395	1,663,110
Total revenues	14,391,726	28,680,566
Expenses:		
General government	2,781,305	2,666,950
Public safety	6,796,858	6,284,170
Transportation	3,498,487	3,200,823
Environmental protection	2,469,557	2,153,353
Culture and recreation	624,087	327,486
Interest on long-term debt	46,638	66,629
Total expenses	16,216,932	14,699,411
Increase (decrease) in net position	(1,825,206)	13,981,155
Net position, July 1 (consolidated) as previously reported	62,264,721	49,727,222
Restatement (Note 2.L)	(84,092)	(1,443,656)
Net position, July 1 (consolidated) as restated	62,180,629	48,283,566
Net position, June 30	$ 60,355,423	$ 62,264,721

Governmental activities. Governmental activities decreased the Town's net position by $1,825,206 thereby accounting for 2.9% decrease in the net position of the Town of Mint Hill. Key elements of this decrease are as follows:

- There were no new roads added to the Town's maintenance system.
- Expenditures were adequately controlled and increased by $1,517,521, primarily due to public safety and street maintenance.
- Maximized tax collections also contributed to the favorable net position.

Town management acknowledges that 2019 was a tough year, financially, and plans on improving upon its approaches to a long-term strategy to realize continued fiscal health.

Financial Analysis of the Town Funds

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

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

The general fund is the chief operating fund of the Town of Mint Hill. At the end of the current fiscal year, the Town's unassigned fund balance in the General Fund was $5,165,351 while total fund balance reached $8,804,014. The Governing Body of the Town has determined that the Town should maintain an available fund balance of 25% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting cash flow needs of the Town. The Town currently has an available fund balance of 34.87% of general fund expenditures, while total fund balance represents 53.8% of the same amount.

At June 30, 2019, the governmental funds of the Town reported a combined fund balance of $8,475,110 with a net decrease in fund balance of $523,003. Included in this change in fund balance is a decrease in the fund balance of the General Fund and a slight increase in fund balance of the Special Revenues Fund. The main reason for the decrease in the General Fund was an increase of 10.3% in total expenditures. Steadiness in ad valorem taxes revenue and grant revenue served as a controlling mechanism to the overall financial health.

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

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental activities as of June 30, 2019, totals $57,797,466 (net of accumulated depreciation). These assets include land, buildings, roads, machinery and equipment, park facilities and vehicles. Major capital asset transactions during the year include the following additions and disposals.

- $494,243 for capital asset additions for Town vehicles for public safety and public works, equipment, for public works and parks.
- $400,000 was spent on sidewalks.
- $719,775 was spent for the new Athletic Park project and fountain at the Town Hall.

Town of Mint Hill's Capital Assets
(Net of Depreciation)
Figure 4

	Governmental Activities	
	2019	**2018**
Land	$ 4,463,740	$ 4,062,131
Construction in progress	1,460,995	741,220
Buildings	6,690,087	6,919,054
Land improvements	1,944,567	1,689,663
Transportation equipment	772,084	649,877
General equipment	150,540	193,851
Police equipment	248,707	220,060
Recreation equipment	317,044	349,357
Infrastructure	41,749,702	43,539,540
Total	$ 57,797,466	$ 58,364,753

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

Long-term Debt. As of June 30, 2019, the Town of Mint Hill had total outstanding debt of $827,531. The entire debt is backed by the full faith and credit of the Town.

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

Figure 5

	Governmental Activities	
	2019	**2018**
General obligation bonds	$ 250,000	$ 675,000
Installment purchase obligations	577,531	430,682
Total	$ 827,531	$ 1,105,682

The Town of Mint Hill's total debt decreased by $278,151 or (25.16%) during the past fiscal year.

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

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is $212,523,398.

Additional information regarding the Town's long-term debt can be found in Note 2.

Economic Factors and Next Year's Budgets and Rates

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

- An agreement was made with the City of Charlotte to extend a sewer line to Veterans Park for a fraction of the total cost of the line to the Town.

Budget Highlights for the Fiscal Year Ending June 30, 2020

The Town of Mint Hill relies on property taxes for approximately 56% of the General Fund Budget Revenues. The assessment of all property located in the Town of Mint Hill is provided to us by Mecklenburg County. The assessed property value is projected at $3,437,957,211. The General Fund tax rate remains at 25.5¢ per one hundred dollars ($100) valuation of property with an average collection rate of 98%. Ad Valorem tax revenues (including prior year taxes to be collected) for the coming fiscal year are budgeted at $8,570,000.

The State of North Carolina grants local governments the authority to levy a local sales tax of up to 2.5%, with the state sales tax. Mecklenburg County levies this tax with Mint Hill receiving sales tax revenues based on an Ad Valorem basis. The fiscal year 2019-2020 sales tax projection is $1,850,000. Data received from the North Carolina League of Municipalities suggests that this fiscal year's sales tax collections will result in an approximate 4% increase over the last fiscal year.

The Town has not annexed any industrial or residential areas that will significantly impact Franchise Tax revenue. This revenue source is expected to be $1,100,000 for fiscal year 2019-2020.

State estimates report that the Powell Bill distribution will be relatively flat for fiscal year 2019-2020.

The fiscal year 2019-2020 budgeted expenditures include funding for five additional sworn positions and one additional civilian position in the Police Department, three additional firefighter positions in the fire Department and two additional positions in the Public Works Department. The budget also includes a 2% cost of living adjustment for Town employees.

Requests for Information

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

Statement of Net Position
June 30, 2019

	Primary Government Governmental Activities	Mint Hill Events, Inc.
ASSETS		
Current assets:		
Cash and cash equivalents	$ 6,872,653	$ 34,187
Taxes receivable	131,233	-
Accounts receivable, net	1,233,244	11,495
Bond payments receivable, current	250,000	-
Restricted cash and cash equivalents	1,073,655	-
Total current assets	9,560,785	45,682
Non-current assets:		
Capital assets (Note 2):		
Land, non-depreciable improvements, and construction in progress	5,924,735	-
Other capital assets, net of depreciation	51,872,731	637
Total capital assets	57,797,466	637
Total non-current assets	57,797,466	637
Total assets	67,358,251	46,319
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows related to pensions	1,125,246	-
Contributions to pension plan in current fiscal year	398,633	-
Deferred outflows related to pensions - LEOSSA	83,527	-
Deferred outflows related to OPEB	0	-
Total deferred outflows of resources	1,607,406	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	177,727	11,000
Payable from restricted assets (Powell Bill)	444,267	-
Seized assets payable	82,451	-
Accrued interest payable	2,537	-
Current portion of long-term debt	674,433	-
Total current liabilities	1,381,415	11,000
Long-term liabilities:		
Due in more than one year	6,457,066	-
Total liabilities	7,838,481	11,000
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows related to pensions - LGERS	155,917	-
Deferred inflows related to pensions - LEOSSA	71,687	-
Deferred inflows related to OPEB	544,149	-
Total deferred inflows of resources	771,753	-
NET POSITION		
Net investment in capital assets	57,219,935	637
Restricted for:		
Stabilization by state statute	1,219,135	-
Streets - Powell Bill	341,903	-
Police - Drug forfeiture and seized assets	264,147	-
Unrestricted	1,310,303	34,682
Total net position	$ 60,355,423	$ 35,319

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

Statement of Activities
For the Fiscal Year Ended June 30, 2019

Functions/Programs:	**Expenses**	**Program Revenues** Operating Grants and Contributions	**Program Revenues** Capital Grants and Contributions	**Net (Expense) Revenues and Changes in Net Assets Primary Government** Governmental Activities	**Mint Hill Events, Inc.**
Primary government:					
Governmental activities:					
General government	$ 2,781,305	$ 292,258	$ -	$ (2,489,047)	
Public safety	6,796,858	10,939	-	(6,785,919)	
Transportation	3,498,487	1,063,500	-	(2,434,987)	
Environmental protection	2,469,557	18,999	-	(2,450,558)	
Culture and recreation	624,087	-	-	(624,087)	
Interest and other charges	46,638	-	-	(46,638)	
Total governmental activities and primary government	$ 16,216,932	$ 1,385,696	$ -	$ (14,831,236)	
Component Unit:					
Mint Hill Events, Inc.	$ 94,137	$ 75,435			$ (18,702)
General revenues:					
Taxes:					
Property taxes, levied for general purposes				7,354,620	-
Other taxes				224,838	-
Grants and contributions not restricted to specific programs				3,515,177	-
Unrestricted investment earnings				554,508	-
Transfers out				(16,888)	-
Event Income				-	34,649
Miscellaneous				1,373,775	2,484
Total general revenues				13,006,030	37,133
Change in net position				(1,825,206)	18,431
Net position, beginning				62,264,721	16,888
Restatement				(84,092)	
Net position, beginning, restated				62,180,629	
Net position, ending				$ 60,355,423	$ 35,319

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

Balance Sheet
Governmental Funds
June 30, 2019

	Major Funds		
	General	Storm Water	Total Governmental Funds
ASSETS			
Cash and cash equivalents	$ 6,109,904	$ 762,749	$ 6,872,653
Restricted cash and cash equivalents	1,073,655	-	1,073,655
Taxes receivable	131,233	-	131,233
Auto taxes and fees receivable	22,796	-	22,796
Accounts receivable (net)	-	-	-
Due from other funds	279,926	(279,926)	-
Due from other governments	1,186,500	23,951	1,210,451
Total assets	$ 8,804,014	$ 506,774	$ 9,310,788
LIABILITIES			
Accounts payable and accrued liabilities	$ 175,533	$ 2,194	$ 177,727
Seized assets payable	82,451		$ 82,451
Payable from restricted assets (Powell Bill)	444,267		444,267
Total liabilities	702,251	2,194	704,445
DEFERRED INFLOWS OF RESOURCES			
Property taxes receivable	131,233		131,233
Total deferred inflows of resources	131,233	-	131,233
FUND BALANCES			
Restricted			
Stabilization by state statute	1,219,135	-	1,219,135
Streets - Powell Bill	341,903	-	341,903
Police - Drug forfeiture and seized assets	264,147	-	264,147
Committed			-
Environmental projects	-	504,580	504,580
Tourism	141,090	-	141,090
Capital projects	-	-	-
Assigned			-
Subsequent year's expenditures	815,566	-	815,566
Police - Fundraiser	23,338	-	23,338
Unassigned	5,165,351	-	5,165,351
Total fund balances	7,970,530	504,580	8,475,110
Total fund balances, deferred inflows of resources and fund balances	$ 8,804,014	$ 506,774	$ 9,310,788

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

Reconciliation of Balance Sheet of Governmental Funds to the Statement of Net Position June 30, 2019

Amounts reported for governmental activities in the statement of net position (Exhibit 1) are different because:		
Total fund balance- governmental funds		$ 8,475,110
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Gross capital assets at historical cost	$ 78,284,744	
Accumulated depreciation	(20,487,278)	57,797,466
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.		398,633
Deferred outflows of resources related to pensions are not reported in the funds		1,208,773
Deferred outflows of resources related to OPEB are not reported in the funds		-
Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.		250,000
Liabilities for earned but deferred revenues in fund statements.		131,233
Deferred inflows of resources related to pensions are not reported in the funds		(227,604)
Deferred inflows of resources related to OPEB are not reported in the funds		(544,149)
Some liabilities, including bonds payable, accrued interest, pension and other postemployment benefits, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.		(7,134,039)
Net position of governmental activities		$ 60,355,423

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

Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2019

	Major Funds		
	General	**Storm Water**	**Total Governmental Funds**
REVENUES			
Ad valorem taxes	$ 7,223,387	$ -	$ 7,223,387
Other taxes	224,838	-	224,838
Unrestricted intergovernmental	3,490,777	-	3,490,777
Restricted intergovernmental	1,035,502	341,661	1,377,163
Investment earnings	91,448	13,646	105,094
Miscellaneous	1,848,673	7,450	1,856,123
Total revenues	13,914,625	362,757	14,277,382
EXPENDITURES			
Current:			
General government	2,536,178	281,514	2,817,692
Public safety	6,588,961	-	6,588,961
Transportation	1,854,789	-	1,854,789
Environmental protection	2,291,902	-	2,291,902
Culture and recreation	836,321	-	836,321
Storm water repairs	-	75,839	75,839
Debt Service:			
Principal retirement	660,168	-	660,168
Interest and other charges	44,101	-	44,101
Capital outlay	-	-	-
Total expenditures	14,812,420	357,353	15,169,773
Excess (deficiency) of revenues over expenditures	(897,795)	5,404	(892,391)
OTHER FINANCING SOURCES (USES)			
Installment purchase obligation issued	385,639	-	385,639
Transfers out	(16,251)	-	(16,251)
Total other financing sources (uses)	369,388	-	369,388
Net change in fund balance	(528,407)	5,404	(523,003)
Fund balance, beginning	8,583,029	499,176	9,082,205
Restatement	(84,092)		(84,092)
Fund balance, beginning, restated	8,498,937		8,498,937
Fund balance, ending	$ 7,970,530	$ 504,580	$ 8,475,110

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

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance of Governmental Funds to the Statement of Activities For the Fiscal Year Ended June 30, 2019

Amounts reported for governmental activities in the statement of activities are different because:		
Net changes in fund balances - total governmental funds		$ (523,003)
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.		
Capital outlay expenditures, which were capitalized	1,949,528	
Depreciation expense for government assets	(2,582,277)	
Asset sale proceeds	66,100	
Loss on transfer of assets (Note 2.L)	(637)	(567,286)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		398,633
Benefit payments paid and administrative expense for the LEOSSA are not included on the Statement of Activities		-
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Amount of donated assets	0	
Change in deferred revenues	31,261	31,261
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
New long-term debt issued	(385,639)	
Principal payments on bond receivable	(425,000)	
Principal payments on long-term debt	663,789	
Decrease in accrued interest payable	2,537	(144,313)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences	(74,971)	
Pension expense	(480,565)	
Other postemployment benefits	(342,899)	
Net pension obligation for LEOSSA	(122,063)	(1,020,498)
Total changes in net position of governmental activities		$ (1,825,206)

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

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	General Fund			
	Original	Final	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues:				
Ad valorem taxes	$ 6,200,000	$ 7,055,000	$ 7,223,387	$ 168,387
Other taxes	180,000	215,000	224,838	9,838
Unrestricted intergovernmental	2,595,000	2,995,000	3,490,777	495,777
Restricted intergovernmental	852,850	955,000	1,035,502	80,502
Investment earnings	5,700	36,200	91,448	55,248
Miscellaneous	1,415,632	1,957,479	1,848,673	(108,806)
Total revenues	11,249,182	13,213,679	13,914,625	700,946
Expenditures:				
Current:				
General government	2,120,507	2,619,263	2,536,178	83,085
Public safety	5,477,001	7,408,862	6,588,961	819,901
Transportation	1,468,135	2,110,907	1,854,789	256,118
Environmental protection	2,040,000	2,300,000	2,291,902	8,098
Culture and recreation	386,984	865,758	836,321	29,437
Debt service:				
Principal retirement	522,580	757,946	660,168	97,778
Interest and other charges	105,081	112,210	44,101	68,109
Total expenditures	12,120,288	16,174,946	14,812,420	1,362,526
Revenues over (under) expenditures	(871,106)	(2,961,267)	(897,795)	2,063,472
Other financing uses:				
Installment purchase obligations issued	150,000	400,000	385,639	14,361
Transfers from/(to) other funds	-	-	(16,251)	(16,251)
Total other financing sources	150,000	400,000	369,388	(30,612)
Fund balance appropriated	721,106	2,561,267	-	(2,561,267)
Net change in fund balance	$ -	$ -	(528,407)	$ (528,407)
Fund balance, beginning			8,583,029	
Restatement			(84,092)	
Fund balance, ending			$ 7,970,530	

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

Annually Budgeted Major Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Storm Water Fund			
	Original	**Final**	**Actual Amounts**	**Variance with Final Budget Positive (Negative)**
Revenues:				
Restricted intergovernmental	$ 330,000	$ 340,000	$ 349,111	$ 9,111
Investment earnings	2,000	2,000	13,646	11,646
Total revenues	332,000	342,000	362,757	20,757
Expenditures:				
Current:				
General government	278,980	295,514	281,514	14,000
Storm water repairs	165,000	165,000	75,839	89,161
Total expenditures	443,980	460,514	357,353	103,161
Revenues over (under) expenditures	(111,980)	(118,514)	5,404	123,918
Other financing sources (uses)				
Installment purchase obligation	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources	-	-	-	-
Fund balance appropriated	111,980	118,514		
Net change in fund balance	$ -	$ -	5,404	$ (82,404)
Fund balance, beginning			499,176	
Fund balance, ending			$ 504,580	

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

NOTE 1- **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Town of Mint Hill conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

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

Mint Hill Events, Inc.

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

B. Basis of Presentation

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

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

- Continued -

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

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

The Town reports the following major governmental funds:

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

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

C. Measurement Focus and Basis of Accounting

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

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

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

- Continued -

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources. The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, State law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North Carolina. Effective with this change in the law, the State of North Carolina is responsible for billing and collecting the property taxes on registered motor vehicles on behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the beer and wine tax, collected and held by the State at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town of Mint Hill because the tax is levied by Mecklenburg County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants and general revenues. Thus, when program expenses are incurred, there are both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund and Special Revenue Fund. All annual appropriations lapse at the fiscal-year end. Project ordinances are adopted for the Capital Projects Fund. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the department level for all annually budgeted funds and project level for the multi-year funds. All amendments must be approved by the governing board. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

- Continued -

NOTE 1- **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –** Continued

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool are measured at fair value. The NCCMT- Term Portfolio is a bond fund, has no rating and is measured at fair value. As of June 30, 2019, the 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.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

Governmental Activities		
General Fund		
	Streets	$ 786,170
	Police fund raiser	23,338
	Police drug forfeiture	181,696
	Seized liability cash	82,451
Total restricted cash		1,073,655

- Continued -

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

4. Bond Payments Receivable

The City of Charlotte used Mint Hill's debt capacity to issue bonds for Water/Sewer and Sewer projects located in the Mint Hill town limits. The City of Charlotte pays Mint Hill the exact amount of the debt payments that become due on such bonds each year. The water/sewer bonds matured on June 1, 2018; the Sewer bonds mature on June 1, 2020.

5. Ad Valorem Taxes Receivable

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

6. Capital Assets

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

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

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

- Continued -

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

7. Deferred inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources,* represents consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town of Mint Hill has one item that meets this criterion, contributions made to the pension plan in the 2015 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources,* represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town of Mint Hill has three items that meet the criterion for this category – prepaid taxes, property taxes receivable and deferrals of pension expense that result from the implementation of GASB Statement 68 and GASB Statement 73.

8. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs, 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 discounts. Bond issuance costs, except for prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance costs are expensed over the life of the debt.

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

9. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to either thirty days or sixty days earned vacation leave with such leave being fully vested when earned. The amount of days depends on whether your hire date was before or after April 12, 2007. For the Town's government-wide financial statements, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

- Continued -

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

9. Compensated Absences – Continued

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

10. Net Position/Fund Balances

Net position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

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

- Continued -

NOTE 1- **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –** Continued

Fund Balances – Continued

Restricted Fund Balance- Continued

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

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

Committed Fund Balance - portion of fund balance that can only be used for specific purposes imposed by majority vote by quorum of the Town of Mint Hill's governing body (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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

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

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

Assigned fund balance – portion of fund balance that the Town of Mint Hill intends to use for specific purposes.

Subsequent year's expenditures- portion of fund balance that is appropriated in the next year's budget that is not already classified in restricted or committed. The governing body approves the appropriation; however the budget ordinance authorizes the manager to modify the appropriation within funds as manager believes necessary.

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

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

- Continued -

NOTE 1- **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES –** Continued

Fund Balances – Continued

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

11. Use of Estimates

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

12. Pensions

For purposes of measuring the net pension asset, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the Local Governmental Employees' Retirement System (LGERS) and additions to/deductions from LGERS' fiduciary net position have been determined on the same basis as they are reported by LGERS. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town of Mint Hill's employer contributions are recognized when due and the Town of Mint Hill has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of LGERS. Investments are reported at fair value.

NOTE 2- **DETAIL NOTES ON ALL FUNDS**

A. ASSETS

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent.

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS**

A. ASSETS

1. Deposits - Continued

Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. At June 30, 2019, the Town's deposits had a carrying amount of $4,591,240 and a bank balance of $4,554,294. Of the bank balance, $750,000 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 $182.

2. Investments

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

Investments by Type	Valuation Measurement Method	Book Value at 6/30/2019	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value Level I	$ 3,022,501	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value Level I	332,385	.11 years	Unrated
Total		$ 3,354,886		

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

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

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS -** Continued

A. ASSETS

2. Investments - continued

Credit Risk: The Town does not have a formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to the provisions of G.S 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2019.
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.

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

1. ASSETS

3. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2019, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	$ 4,062,131	$ 401,609	$ -	$ 4,463,740
Construction in progress	741,220	719,775	-	1,460,995
Total capital assets not being depreciated	4,803,351	1,121,384	-	5,924,735

Governmental activities:	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets being depreciated:				
Buildings	8,932,458	-	-	8,932,458
Land improvements	3,493,314	400,000	-	3,893,314
Transportation equipment	4,123,026	347,841	60,941	4,409,926
General equipment	1,377,352	59,698	6,820	1,430,230
Police equipment	663,596	86,704	-	750,300
Recreation equipment	703,253	-	-	703,253
Infrastructure	52,240,528	-	-	52,240,528
Total capital assets being depreciated	71,533,527	894,244	67,761	72,360,009
Less accumulated depreciation for:				
Buildings	2,013,404	228,967	-	2,242,371
Land improvements	1,803,651	145,096	-	1,948,747
Transportation equipment	3,473,149	225,634	60,941	3,637,842
General equipment	1,183,501	102,372	6,183	1,279,690
Police equipment	443,536	58,057	-	501,593
Recreation equipment	353,896	32,313	-	386,209
Infrastructure	8,700,988	1,789,838	-	10,490,826
Total accumulated depreciation	17,972,125	2,582,277	67,124	20,487,278
Total capital assets being depreciated, net	53,561,402			51,872,731
Governmental activity capital assets, net	$ 58,364,753			$ 57,797,466

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

General government	$ 531,888
Public safety	224,969
Transportation	1,725,726
Culture and recreation	99,694
	$ 2,582,277

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters).

- Continued -

NOTE 2 - **DETAIL NOTES ON ALL FUNDS –** Continued

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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 creditable service as a LEO and have reached age 55, or have completed 15 years of creditable service as a LEO if killed in the line of duty. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or return of the member's contributions.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Mint Hill employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Mint Hill's contractually required contribution rate for the year ended June 30, 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 Mint Hill were $398,633 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.

- Continued -

NOTE 2 - **DETAIL NOTES ON ALL FUNDS –** Continued

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

At June 30, 2019, the Town reported a liability of $2,020,524 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2018. The total pension liability used to calculate the net pension asset 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 updated procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2018, the Town's proportion was 0.08571%, which was a increase of 0.00259% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Town recognized pension expense of $480,565. 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	$ 311,719	$ 10,460
Changes of assumptions	536,169	-
Net difference between projected and actual earnings on pension plan investments	277,358	-
Changes in proportion and differences between Town of Mint Hill contributions and proportionate share of contributions	-	145,457
Town of Mint Hill contributions subsequent to the measurement date	398,633	-
Total	$ 1,523,879	$ 155,917

- Continued -

NOTE 2 - **DETAIL NOTES ON ALL FUNDS –** Continued

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

$398,633 reported as deferred outflows of resources related to pensions resulting from Town of Mint Hill contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2020	$	477,490
2021		310,450
2022		30,470
2023		150,918
2024		-
Thereafter		-
	$	969,328

Actuarial Assumptions. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

The actuarial assumptions used in the December 31, 2016 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

- Continued -

NOTE 2 - **DETAIL NOTES ON ALL FUNDS –** Continued

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 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	6.0%	4.0%
Total	100.0%	

The information above is based on 30-year expectations developed with the consulting actuary for the 2016 asset liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

- Continued -

NOTE 2 - **DETAIL NOTES ON ALL FUNDS –** Continued

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	$ 4,853,473	$ 2,020,524	$ 346,733

Pension Plan fiduciary net position. Detail 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.

2. Law Enforcement Officers Special Separation Allowance

a. *Plan Description*

The Town administers a public employee retirement system (the "Separation Allowance"), a single-employer defined benefit pension plan that provides retirement benefits to the Town's qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to .85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service.

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

B. LIABILITIES

2. Law Enforcement Officers Special Separation Allowance

a. ***Plan Description – continued***

The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of the F.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Category	Number
Inactive Members Currently Receiving Benefits	-
Active Plan Members	31
Total	31

b. Summary of Significant Accounting Policies:

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

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

c. ***Actuarial Assumptions***

The entry age actuarial cost method was used in the December 31, 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:

Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.64%

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2017.

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

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

A. LIABILITIES

2. Law Enforcement Officers Special Separation Allowance – continued

d. ***Contributions***

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the benefit payments on a pay as you go basis through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid no benefits for the reporting period.

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

At June 30, 2019, the Town reported a total pension liability of $587,250. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of $60,633.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 38,182
Changes of assumptions and other inputs	52,156	33,505
Benefit payments and administrative expenses subsequent to the measurement date	31,371	-
Total	$ 83,527	$ 71,687

Amounts reported as deferred outflows and inflows of resources related to pensions will be recognized as an increase or (decrease) in pension expense as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30:		
2020	$ 15,589	$ 14,265
2021	15,589	14,265
2022	15,589	14,265
2023	15,589	14,265
2024	14,685	11,530
Thereafter	6,486	3,097
	$ 83,527	$ 71,687

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

B. LIABILITIES

2. Law Enforcement Officers Special Separation Allowance – continued

Sensitivity of the Town's total pension liability in changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.86 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.86 percent) or 1 percentage point higher (4.86 percent) that the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total Pension Liability	$ 649,685	$ 587,250	$ 530,419

	2019
Beginning balance	$ 495,902
Service Cost	43,638
Interest on the total pension liability	15,671
Changes of benefit terms	-
Differences between expected and actual experience	
Changes of assumptions or other inputs	(29,251)
Benefit payments	-
Other changes	-
Ending balance of the toal pension liability	$ 587,250

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.

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

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

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

	LGERS	LEOSSA	Total
Pension Expense	$ 480,565	$ 60,633	$ 541,198
Pension Liability	2,020,524	587,250	2,607,774
Proportionate share of the net pension liability	0.08517%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	311,719	52,156	363,875
Changes of Assumptions	536,169	31,371	567,540
Net difference between projected and actual earnings on plan investments	277,358	-	277,358
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	398,633	-	398,633
Deferred Inflows of Resources			
Differences between expected and actual experience	10,460	38,182	48,642
Changes of Assumptions	-	33,505	33,505
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	145,457	-	145,457

3. Supplemental Retirement Income Plan

Plan Description. The Town of Mint Hill contributes to the Supplemental Retirement Income Plan (Plan), a defined contribution pension plan administered by the Department of State Treasurer and Board of Trustees. The Plan provides retirement benefits to law enforcement officers and other full-time Town employees. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan is included in the 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. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh North Carolina 27699-1410, or by calling (919) 981-5454.

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

1. Supplemental Retirement Income Plan - Continued

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each law enforcement officer's salary, and all amounts contributed are vested immediately. The Town has elected to contribute five percent of all full-time Town employees' salary. Also, the law enforcement officers and other full-time Town employees may make voluntary contributions to the plan. Contributions by the Town for the year ended June 30, 2019 and 2018, were $247,132 and $216,366, respectively.

2. Other Postemployment Benefits

a. Healthcare Benefits

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

Membership of the HCB Plan consisted of the following at December 31, 2018, the date of the latest actuarial valuation:

	General Employees	Law Enforcement Officers
Retirees and dependents receiving benefits.	5	-
Terminated plan members entitled to but not yet receiving benefits.	-	-
Active plan members.	41	32
Total	46	32

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

4. Other Postemployment Benefits - continued

a. Healthcare Benefits - continued

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

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

Years of Service with the Town	Percent of Premiums Paid by the Town
Less than 5	Not eligible
5-10	0%
10-20	25%
20-24	50%
25	75%
26	80%
27	85%
28	90%
29	95%
30 or more	100%

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

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

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

For the fiscal year ended June 30, 2019, the Town made payments for post-employment health benefit premiums of $12,278. The Town's obligation to contribute to HCB Plan is established and may be amended by the Board of Commissioners.

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

4. Other Postemployment Benefits - continued

a. Healthcare Benefits - continued

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

Total OPEB Liability

The Town's total OPEB liability of $3,061,223 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

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

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation:	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3/50% - 7.35%
Discount rate	3.89%
Healthcare cost trends:	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023.
Medicare	5.50% for 2017 decreasing to an ultimate rate of 5.00% by 2020.

The discount rate is based on the yield of the S&P Municipal Bond 20 Year High Grade Rate Index as of the measurement date.

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

1. Other Postemployment Benefits - continued

   a. Healthcare Benefits – continued

Total OPEB Liability – continued

Changes in the Total OPEB Liability

		Total OPEB Liability
Total OPEB Liability as of June 30, 2017	$	2,909,603
Changes for the year		
Service cost		298,257
Interest on Total OPEB liability and Cash Flows		103,385
Changes of benefit terms		-
Differences between expected and actual experience		(6,561)
Changes in assumptions or other inputs		(232,330)
Benefit payments		(11,131)
Other		-
Net changes	$	151,620
Total OPEB Liability as of June 30, 2018	$	3,061,223

Changes in assumptions and other inputs reflect a change in the discount rate from 3.56% to 3.89%.

Mortality rates were based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table.

The demographic actuarial assumptions for retirement, disability incidence, withdrawal and salary increases used in the June 30, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 – December 31, 2014, adopted by LGERS.

The remaining actuarial assumptions (e.g. initial per capita costs, health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2017 valuation were based on a review of recent plan experience done concurrently with the June 30, 2017 valuation.

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

4. Other Postemployment Benefits - continued

a. Healthcare Benefits – continued

Total OPEB Liability – continued

Changes in the Total OPEB Liability - continued

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.89 percent) or 1-percentage-point higher (4.89 percent) than the current rate:

Discount Rate Sensitivity

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB Liability	$ 3,838,908	$ 3,061,223	$ 2,474,255

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

Healthcare Cost Trend Rate Sensitivity

	1% Decrease	Current	1% Increase
Total OPEB Liability	$ 2,345,426	$ 3,061,223	$ 4,063,969

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

4. Other Postemployment Benefits - continued

a. Healthcare Benefits – continued

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

For the year ended June 30, 2019, the Town recognized OPEB expense of $343,091. At June 30, 2019, the Town reported deferred outflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 15,054
Changes of assumptions or other inputs	-	529,095
Benefit payments and administrative costs made subsequent to the measurement date	-	
	$ -	$ 544,149

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

Measurement Period Ended June 30:	
2019	$ (58,551)
2020	(58,551)
2021	(58,551)
2022	(58,551)
2023	(58,551)
Therafter	(251,394)
	$ (544,149)

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

4. Other Postemployment Benefits - continued

b. Other Employment Benefits

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

All death benefit payments are made from the Death Benefit Plan. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. The Town considers these contributions to be immaterial.

5. Deferred Outflows and Inflows of Resources

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

Local Government Employees Retirement Plan:		
Contributions to pension plan in current fiscal year	$	398,633
Differences between expected and actual experience		311,719
Changes of assumptions		536,169
Net difference between projected and actual		277,358
Changes in proportion and differences between employer contributions and proportionate share of contributions		-
Law Enforcement Officers' Special Separation Allowance:		
Benefit payments made and administrative expenses for LOESSA		-
Differences between expected and actual experience		52,156
Changes of assumptions		31,371
	$	1,607,406

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

C. Deferred Outflows and Inflows of Resources

Deferred inflows of resources is comprised of the following:

Source	Statement of Net Position	General Fund Balance Sheet
Property taxes receivable (General Fund)	$ -	$ 131,233
Local Government Employees Retirement Plan:		
Differences between expected and actual experience	10,460	
Changes in proportion and differences between employer contributions and proportionate share of contributions	145,457	
Law Enforcement Officers' Special Separation Allowance:		
Benefit payments made and administrative expenses for LOESSA	-	
Differences between expected and actual experience	38,182	
Changes of assumptions	33,505	
	$ 227,604	$ 131,233

D. Risk Management:

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disaster. The Town participates in three self-funded risk financing pools administered by the North Carolina League of Municipalities. Through these pools, the Town obtains general liability and auto liability coverage of $1 million per occurrence, property coverage up to statutory limits, and employee health coverage of up a $2 million lifetime limit. The pools are reinsured through commercial companies for single occurrence claims against general liability, auto liability and property in excess of $500,000 and $300,000 up to statutory limits for workers' compensation. The pools are reinsured for annual employee health claims in excess of $150,000. The property liability pool has an aggregate limit for the total property losses in a single year, with the reinsurance limit based upon a percentage of the total insurance values. The Town carries commercial coverage for all other risks of loss. There have been no significant reductions in insurance coverage in the prior year, and settled claims have not exceeded coverage in any of the past three fiscal years.

The Town carries flood insurance with a $5 million aggregate limit. The Town, based on prior year's experience, feels that their insurance coverage is adequate for their entity.

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS -** Continued

D. Risk Management - Continued:

In accordance with G.S. 159-29, the Town's employees that have access to $100 or more at any given time of the Town's funds are performance bonded through a commercial surety bond. The finance officer is bonded for $50,000 whereas the tax collector and treasurer are bonded for $10,000 each. The remaining employees that have access to funds are bonded under a blanket bond for $10,000.

E. Long Term Obligations

The Town's general obligation bonds serviced by the governmental funds were issued for the installation of water-sewer lines within the Town's borders. All general obligation bonds are collateralized by the full faith, 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 individual issues:

General Obligation Bonds	
Serviced by the General Fund:	
$5,500,000, 1996 issue of Sewer serial bonds due December and June in installments of $225,000 through June 2020; interest at 4.9% - 5.25%	$ 250,000

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2020	250,000	13,124	263,124
	$ 250,000	$ 13,124	$ 263,124

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

E. Long Term Obligations

Installment purchases payable at June 30, 2019 are comprised of the following individual issues:

$350,000 - payable in annual installments of principal and interest at 2.03% until August 2020, secured by vehicles	$	197,544
$385,639 - payable in annual installments of principal and interest at 2.0% until June 2022, secured by vehicles		401,064
Total installment purchase payments		598,608
Less: Amount representing interest		(21,077)
	$	577,531

The future minimum principal and interest payments for the Town's installment purchase agreements as of June 30, 2019 are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2020	$ 233,942	$ 11,608	$ 245,550
2021	215,043	6,898	221,941
2022	128,546	2,571	131,117
	$ 577,531	$ 21,077	$ 598,608

F. Legal Debt Margin

At June 30, 2019, the Town of Mint Hill had a legal debt margin of $212,690,217.

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

G. Changes in Long-Term Liabilities

Governmental Activities:	Balance July 01, 2018	Increases	Decreases	Balance June 30, 2019	Current Portion Balance
Compensated absences	$ 560,000	$ 74,971	$ -	$ 634,971	$190,491
Installment purchase	430,682	385,638	238,789	577,531	233,942
General obligation bonds	675,000	-	425,000	250,000	250,000
Other post-employment benefits	2,909,603	151,620	-	3,061,223	-
Net pension liability (LGERS)	1,261,596	758,928	-	2,020,524	-
LEO Pension liability	495,902	91,348	-	587,250	-
	$ 6,332,783	$ 1,462,505	$ 663,789	$ 7,131,499	$674,433

Compensated absences typically have been liquidated in the General Fund.

H. Deferred Compensation

The Town has established a deferred compensation program. This program allows each employee the option to defer savings on a pre-tax basis. The Town has chosen not to contribute to this program. Thus, the plan asset values are exclusive employee contributions. According to the unaudited, Nationwide Retirement Solutions insurance report, as of June 30, 2019, the plan asset value was $35,776.

I. Commitments

Interfund Balances and Activity

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

	Receivable	Payable
General Fund	$ 279,926	
Stormwater Fund		$ 279,926

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

- Continued -

NOTE 2- **DETAIL NOTES ON ALL FUNDS –** Continued

J. Fund Balance

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

Total fund balance-General Fund	$	7,970,530
Less:		
Stabilization by state statute		1,219,135
Streets - Powell Bill		341,903
Police - Drug forfeiture		-
Police - Fundraiser		-
Committed for Tourism		141,090
Appropriated Fund Balance in 2020 Budget		815,566
Unassigned		5,165,351

Encumbrances at year end were $21,750.

K. On-Behalf Payments for Fringe Benefits and Salaries

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

L. Transfers Out

Historically, the Town has had appointment power of the Board of Directors for Mint Hill Events, Inc., as well as financially benefitting from the corporation's activities. Effective March, 2019, the Town no longer has appointment power of the corporation's board members, but the Town does continue to benefit from the corporation's activities and continues to monitor and help implement its cultural and recreational events on behalf of the Town. For this reason, the component unit is discretely presented in these statements.

For years when the component unit was presented prior to fiscal year ended June 30, 2019, the component unit financial information was included as a blended entity. A transfer out of general fund balance for $16,251 was recorded to reflect that change in presentation. The amount transferred out of net position was $16,888. The difference of $637 is attributable to capital assets, net of accumulated depreciation.

NOTE 3- **JOINTLY GOVERNED ORGANIZATION**

The Centralina Council of Governments (Council) was formed in 1968. Funding comes from member dues, state and federal grants, and fees for services. Each participating government appoints one member to the Council's governing board. The Town paid membership fees to the Council during the fiscal year ended June 30, 2019.

- Continued -

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

Federal and State Assisted Programs

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

NOTE 5- **RESTATEMENT**

Prior Period Adjustment

During the fiscal year ended June 30, 2019, the Town reviewed and recalculated actual liabilities arising from the police department seized cash and related actual cash deposits. The amount of $84,092 was appropriately recorded as an adjustment to beginning fund balance to account for this recalculation of seized cash. This cash is held by the town on behalf of incarcerated persons and will be payable to those persons upon their release. That amount of restatement was the same on the Statement of Activities.

NOTE 6- **DATE OF MANAGEMENTS' REVIEW**

In preparing the financial statements, the Town of Mint Hill has evaluated events and transactions for potential recognition or disclosure through November 29, 2019, the date that the financial statements were available to be issued.

- Continued -

REQUIRED SUPPLEMENTAL FINANCIAL DATA

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

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

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

- Other Post-Employment Benefits -
  Schedule of Changes in the total OPEB Liability and Related Ratios

- Town of Mint Hill's Proportionate Share of Net Pension Liability (Asset).

- Town of Mint Hill's Contributions to the Local Government Employees' Retirement System.

TOWN OF MINT HILL, NORTH CAROLINA

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

June 30, 2019

	2019	2018	2017
Beginning Balance	$ 495,902	$ 451,373	$ 411,137
Service Cost	43,638	36,719	40,321
Interest on the total pension liability	15,671	17,423	14,678
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	61,290	(53,894)	-
Changes of assumptions or other inputs	(29,251)	44,281	(14,763)
Benefit payments	-	-	-
Other changes	-	-	-
Ending balance of the total pension liability	$ 587,250	$ 495,902	$ 451,373

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

TOWN OF MINT HILL, NORTH CAROLINA

Law Enforcement Officers' Special Separation Allowance
Schedule of Total Pension Liability as a Percentage of Covered Payroll
June 30, 2019

	2019	2018	2017
Total pension liability	$ 587,250	$ 495,902	$ 451,373
Covered payroll	1,736,083	1,621,520	1,721,602
Total pension liability as a percentage of covered employee payroll	33.83%	30.58%	26.22%

Notes to the schedules:

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

TOWN OF MINT HILL, NORTH CAROLINA

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

June 30, 2019

	2019	2018
Total OPEB Liability		
Service cost	$ 298,257	$ 340,877
Interest on Total OPEB liability and Cash Flows	103,385	86,845
Changes of benefit terms	-	-
Differences between expected and actual experience	(6,561)	(11,132)
Changes in assumptions or other inputs	(232,330)	(389,351)
Benefit payments	(11,131)	(5,687)
Other	-	-
Net change in total OPEB liability	151,620	21,552
Total OPEB Liability - beginning	2,909,603	2,888,051
Total OPEB Liability - ending	$ 3,061,223	$ 2,909,603
Covered payroll	$ 3,748,268	$ 3,748,268
Total OPEB liability as a percentage of covered payroll	81.67%	77.63%

Notes to Schedule

Changes of assumptions: Changes of assumptions and other inputs reflect the effects of changes in the discount rate of each period. The following are the discount rates used in each period.

Fiscal Year	Rate
2019	3.89%
2018	3.56%

TOWN OF MINT HILL, NORTH CAROLINA

Town of Mint Hill's 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 Mint Hill's proportion of the net pension liability (asset) (%)	0.08517%	0.08258%	0.09019%	0.08116%	0.08710%	0.08630%
Town of Mint Hill's proportion of the net pension liability (asset) ($)	$ 2,020,524	$ 1,261,596	$ 1,914,136	$ 364,242	$ (513,669)	$ 1,040,246
Town of Mint Hill's covered-employee payroll	$ 4,444,307	$ 4,361,654	$ 3,958,123	$ 3,783,150	$ 3,314,581	$ 3,151,773
Town of Mint Hill's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.46%	28.92%	48.36%	9.63%	(15.50%)	33.01%
Plan fiduciary net position as a percentage of the total 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.

TOWN OF MINT HILL, NORTH CAROLINA

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

Local Government Employees" Retirement System

	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 398,633	$ 337,544	$ 329,514	$ 272,288	$ 271,616	$ 237,480
Contributions in relation to the contractually required contribution	398,633	337,544	329,514	272,288	271,616	237,480
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -
Town of Mint Hill's covered-employee payroll	$ 4,944,397	$ 4,444,307	$ 4,361,654	$ 3,958,123	$ 3,783,150	$ 3,314,581
Contributions as a percentage of covered-employee payroll	8.06%	7.59%	7.55%	6.88%	7.18%	7.16%

SUPPLEMENTAL SCHEDULES

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Ad valorem taxes:			
Taxes	$ -	$ 7,193,013	$ -
Interest and penalties		30,374	
	7,055,000	7,223,387	168,387
Other taxes:			
Motor vehicle fees	215,000	224,838	9,838
Unrestricted intergovernmental:			
Beer and wine tax		117,694	
Utility franchise tax		1,252,432	
ABC profit distribution		124,991	
Local option sales taxes		1,995,660	
Total	2,995,000	3,490,777	495,777
Restricted intergovernmental			
Powell Bill allocation		710,816	
Solid Waste Fee		18,999	
Tourism tax		281,287	
Federal and state grants		24,400	
Total	955,000	1,035,502	80,502
Investment earnings	36,200	91,448	55,248
Bond repayment		460,438	
Arts and sciences local grant		2,500	
Miscellaneous		1,385,735	
Total	1,957,479	1,848,673	(108,806)
Total revenues	13,213,679	13,914,625	700,946

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Expenditures:			
General government:			
Administration:			
Salaries and employee benefits	$ -	$ 1,014,655	$ -
Other operating expenditures		14,674	
Total administration	1,070,213	1,029,329	40,884
Non-Departmental:			
Professional services		272,782	
Town hall maintenance		63,969	
Donations		99,000	
Other operating expenditures		444,489	
Capital outlay		626,609	
Total non-departmental	1,549,050	1,506,849	42,201
Total general government	2,619,263	2,536,178	83,085
Public Safety:			
Police:			
Salaries and employee benefits		2,696,949	
Professional services		18,510	
Vehicle maintenance		147,702	
Other operating expenditures		564,135	
Capital outlay		194,726	
Total police	4,059,475	3,622,022	437,453
Fire:			
Salaries and employee benefits		2,374,255	
Other operating expenditures		592,684	
Total fire	3,349,387	2,966,939	382,448
Total public safety	7,408,862	6,588,961	819,901

General Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Transportation:			
Streets and highways:			
Salaries and employee benefits	$ -	$ 431,028	$ -
Street maintenance		555,826	
Other operating expenditures		250,902	
Capital outlay		617,033	
Total transportation	2,110,907	1,854,789	256,118
Environmental protection:			
Solid waste			
Contracted services		1,922,060	
Landfill fees		369,842	
Total environmental protection	2,300,000	2,291,902	8,098
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits		68,887	
Other operating expenses		234,014	
Capital outlay		533,420	
Total culture and recreation	865,758	836,321	29,437
Debt Service:			
Principal retirement		660,168	
Interest and other charges		44,101	
Total debt service	870,156	704,269	165,887
Total expenditures	16,174,946	14,812,420	1,362,526
Revenues over (under) expenditures	(2,961,267)	(897,795)	2,063,472
Other financing sources (uses):			
Transfers to other funds		(16,251)	
Installment purchase obligations issued		385,639	
Total other financing uses	400,000	369,388	(30,612)
Fund balance appropriated	2,561,267	-	(2,561,267)
Net change in fund balance	$ -	(528,407)	$ (528,407)
Fund balance, beginning		8,583,029	
Restatement		(84,092)	
Fund balance, beginning, restated		8,498,937	
Fund balance, ending		$ 7,970,530	

Stormwater Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Storm water fees collected	$ -	$ 341,661	$ -
Miscellaneous revenue		7,450	
Investment earnings		13,646	
Total revenues	342,000	362,757	20,757
Expenditures:			
Administrative costs		281,514	
Storm water repairs		75,839	
Capital outlay		-	-
Total expenditures	460,514	357,353	(103,161)
Revenues over (under) expenditures	(118,514)	5,404	123,918
Other financing sources (uses):			
Installment purchase obligations issued	118,514		118,514
Transfers to General Fund	-		-
Total other financing sources (uses)	118,514	-	118,514
Net change in fund balance	$ -	5,404	$ 5,404
Fund balance, beginning		499,176	
Fund balance, ending		$ 504,580	

OTHER SCHEDULES

This section contains additional information required on property taxes.

- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Schedule of Ten Largest Taxpayers

Schedule of Ad Valorem Taxes Receivable
June 30, 2019

	Uncollected Balance June 30, 2018	Additions	Collections and Credits	Uncollected Balance June 30, 2019
2018 - 2019	$ -	$ 7,172,665	$ 7,144,147	$ 28,518
2017 - 2018	31,657		18,052	13,605
2016 - 2017	19,348		7,504	11,844
2015 - 2016	11,813		5,104	6,709
2014 - 2015	12,223		4,303	7,920
2013 - 2014	17,027		3,780	13,247
2012 - 2013	18,317		3,831	14,486
2011 - 2012	13,394		2,103	11,291
2010 - 2011	25,713		2,100	23,613
2009 - 2010	13,003		13,003	-
	$ 162,495	$ 7,172,665	$ 7,203,926	$ 131,233

Reconcilement with revenues:

Ad Valorem Taxes - General Fund	$ 7,223,387
Reconciling items:	
Interest and penalties collected	(30,374)
Miscellaneous other credits	(256)
10 year write off	11,169
Total collections and credits	$ 7,203,926

Analysis of Current Tax Levy
For the Fiscal 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	$ 2,387,073,270	0.27	$ 6,445,098	$ 6,445,098	$ -
Motor vehicles taxed at current year's rate	271,554,444	0.27	733,197	-	733,197
Total	2,658,627,715		7,178,295	6,445,098	733,197
Discoveries:					
Current year taxes	15,654,074	0.27	42,266	42,266	-
Abatements					
Total property valuation	(17,739,307)	0.27	(47,896)	(47,896)	-
Total property valuation	$ 2,656,542,481				
Net levy			7,172,665	6,439,468	733,197
Less, uncollected tax at June 30, 2019			28,518	28,518	-
Current year's taxes collected			$ 7,144,147	$ 6,410,950	$ 733,197
Current levy collection percentage			99.60%	99.56%	100.00%

Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2019

Assessed Valuation:		
Assessment ratio		100%
Real property	$	2,384,988,037
Personal property		271,554,444
Total assessed valuation at 0.27 rate	$	2,656,542,481
Tax rate per $100		0.27
Total levy (includes discoveries, releases and abatements)	$	7,172,665

Schedule of Ten Largest Taxpayers
For the Fiscal Year Ended June 30, 2019

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Ventas Willow Grove, LP	Senior Residential Housing	$ 14,374,700	0.60%
Hampton Ridge Partners, LLC	Residential Real Estate	$ 12,530,000	0.53%
PSM North Carolina Holdings, LLC	Mortgage Loans	$ 12,428,900	0.52%
Eastway Crossing II-Charlotte, LLC	Shopping Center	$ 9,965,500	0.42%
AGM Grey Stone, LLC	Senior Residential Housing	$ 9,317,600	0.39%
Hillco LTD	Skilled Nursing Care	$ 8,416,900	0.35%
HR of Carolinas, LLC	Healthcare Real Estate	$ 7,514,700	0.32%
Pine Lake Country Club, Inc.	Golf Country Club	$ 6,306,600	0.26%
11304 Hawthorne Drive LLC	Real Estate	$ 5,734,600	0.24%
Charlotte Land Inc.	Real Estate	$ 5,396,000	0.23%

COMPLIANCE SECTION

RC&S
Rowell, Craven & Short, PA
Certified Public Accountants

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Charlotte, NC 28227
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Fax: 704-545-0946
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Report on Internal Control over Financial Reporting and On Compliance and Other Matters Based On an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards*

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mint Hill, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town of Mint Hill's basic financial statements, and have issued our report thereon, dated November 29, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Rowell, Craven & Short, P.A.

Rowell, Craven & Short, P.A.
Charlotte, North Carolina
November 29, 2019

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

Report on Internal Control Over Compliance

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

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

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

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

Rowell, Craven & Short, P.A.

Rowell, Craven & Short P.A.
Charlotte, North Carolina
November 29, 2019

Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

• Material weakness(es) identified?	___ yes	_X_ no
• Significant Deficiency(s) identified that are not considered to be material weaknesses	___ yes	_X_ no
Noncompliance material to financial statements noted	___ yes	_X_ no

State Awards

Internal control over major State programs:

• Material weakness(es) identified?	___ yes	_X_ no
• Significant Deficiency(s) identified that are not considered to be material weaknesses	___ yes	_X_ no

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

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

Identification of major State programs:

Program Name
Powell Bill

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

Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section II. Financial Statement Findings

MATERIAL WEAKNESS

None reported.

SIGNIFICANT DEFICIENCES

None reported.

NON-COMPLIANCE

None reported.

Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2019

Section III. State Award Findings and Questioned Costs

None reported.

Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2019

Finding: None Reported

Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2019

Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Federal (Direct and Pass-Through) Expenditures	State Expenditures	Local Expenditures
Federal Grants:					
State Grants:					
N.C. Department of Transportation:					
Powell Bill			-	594,238	-
Total Assistance -State Programs			-	594,238	-
Total Federal and State Assistance			$ -	$ 594,238	$ -

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

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