

**TOWN OF HUNTERSVILLE
NORTH CAROLINA**

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2020

TOWN OF HUNTERSVILLE, NORTH CAROLINA

COMPREHENSIVE ANNUAL FINANCIAL REPORT FOR THE YEAR ENDED JUNE 30, 2020

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INTRODUCTORY SECTION





October 30, 2020

To the Honorable Mayor, Board of Commissioners and Citizens of the Town of Huntersville,
North Carolina

It is our pleasure to submit the Comprehensive Annual Financial Report of the Town of Huntersville, North Carolina for the fiscal year ended June 30, 2020. The purpose of the report is to provide the Town Board, management, staff, citizens and other interested parties with detailed information reflecting the Town's financial condition.

THE REPORT

State law requires that local governments annually publish financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. The General Statutes also require that those financial statements be audited by an independent firm of licensed certified public accountants. This report complies with those requirements.

Town management is responsible for the accuracy of the financial statements and the completeness and fairness of the presentation, including disclosures. We believe the data is accurate in all material respects and is presented in a manner that fairly reflects the Town's financial condition. Further, we believe all disclosures necessary to enable readers to gain an understanding of the Town's financial affairs have been included. To arrive at this conclusion, Town management has established a comprehensive internal control framework that is designed to protect the Town's assets from loss, theft, or misuse and to assemble sufficient reliable information for preparation of the financial statements in conformity with generally accepted accounting principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the Town's comprehensive framework of internal controls has been designed to provide reasonable, rather than absolute, assurance that the financial statements are materially correct. As management, we acknowledge that to the best of our knowledge and belief, these financial statements are materially complete and reliable.

The Comprehensive Annual Financial Report (CAFR) consists of four sections: *Introductory, Financial, Statistical, and Compliance*. The *Introductory Section* provides a general overview of the Town's structure, personnel, and information useful in assessing the Town's financial condition. The *Financial Section* consists of the Town's audit opinion, management discussion and analysis, and basic financial statements and accompanying notes. The Huntersville financial statements have been audited by Martin Starnes and Associates, CPAs PA. The objective of the independent audit was to provide an opinion on whether the financial statements are free of material misstatement. The independent audit included examining, on a test basis, evidence supporting amounts and disclosures in the financial statements, assessing accounting principles used and significant estimates made by management, and evaluating the overall financial report presentation. The independent auditor concluded, based on their work, that there was a reasonable basis for rendering an unmodified opinion that the Town of Huntersville financial statements for the fiscal year ended June 30, 2020 are fairly presented in conformity with GAAP.



The *Statistical Section* uses charts and graphs to illustrate comparative economic and financial data to provide report readers with trend analysis of the Town's financial performance generally over a ten year period. The report concludes with the *Compliance Section* that documents adherence with federal and state award requirements.

TOWN OVERVIEW

The Town of Huntersville was incorporated in 1873 and is currently the 16th most populous municipality in North Carolina. The Town is situated in northern Mecklenburg County, between the City of Charlotte and the largest manmade lake in NC, Lake Norman. Under the Town's state adopted charter, the Town Board is comprised of a Mayor and six Commissioners who enact local legislation, determine policies, and adopt the Town budget annually. The Mayor and Commissioners are elected for two year terms in odd-numbered years. The Town Manager is appointed by the Town Board and is responsible for the daily operations of Town affairs.

The Town provides many municipal services, including general government, police, public works, parks and recreation, and planning, zoning and code enforcement. Solid waste collection and fire protection services are provided through private contractors. The Town owns its own electric distribution system and operates Huntersville Family Fitness and Aquatics Center in separate enterprise funds.

The annual budget serves as the foundation for the Town's financial planning and control. The Town Manager is responsible for preparing an annual recommended budget which is reviewed, discussed, and ultimately adopted by the Town Board. The annual budget document is presented by fund (for example, general) and department (e. g., police), or function (e. g., debt service or transfers). All expenses are incurred in accordance with the annually adopted budget. The department level is the legal level of control as adopted in the annual budget ordinance. Management maintains budgetary controls within Board adopted departments by specific line items which are reviewed prior to incurring expenses such as purchase orders, assuring funding availability.



Transfers between expenditure accounts in one department require Department Director, Finance Director and Town Manager approval. Any increase or decrease to a department budget requires Town Board approval of a budget amendment. Budget to actual comparisons are provided in this report for each major fund for which an appropriated annual budget has been adopted. For all non-major funds with appropriated annual budgets, this comparison is presented in the combining and individual fund financial statements section of this report.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

Economic activity as evidenced by new construction remains strong in the Town of Huntersville as evidenced by permit activity in spite of the impact of the worldwide pandemic Covid - 19. The Town Planning Department reports commercial permits were issued in FY 2020 with an estimated value of \$152,800,000. Residential building permits combined for single family and multi-family issued in FY 2020 doubled from the prior year's number of 420. Economically sensitive revenues, such as sales tax revenue increased merely 1% although distributions in the spring dipped with the onset of Covid - 19.

The Huntersville's tax base has grown in the last twenty years from \$1,877,900,769 in 2000 to \$9,645,925,417 in 2020 an increase of 414%. The Town continues to benefit from its location near the City of Charlotte and its banking center hub as well as the completion of the I-485 outer loop. With close proximity to Interstates 77 and 85, Charlotte's international airport and the City of Concord's nearby regional airport, Huntersville is a convenient location for area residential and commercial activity. These economic factors position Huntersville for a solid recovery from the Covid-19 recession.



While the majority (73%) of the Town's assessed value is residential in nature, the Town continues to work at diversifying the tax base with commercial growth. Recent economic development commercial success stories for the Town of Huntersville include expansion of Saertex, Big Beverage Contract Manufacturing 170,000 square feet facility in The Park Huntersville, and Ramah Executive Park as two examples of substantial taxable expansions. Additional commercial activity all be it non-taxable properties include the CPCC Merancas expansion and CMS K-8 North Language Immersion school. Residential growth in Huntersville continues at a robust pace as illustrated by the addition of 15,534 residents or a 33% increase in population in the last 10 years. Further, following the March 2020 Covid-19 pandemic, residential permits issuance increased over 77% from the last four months of the prior year.

With this increase in residents and commercial tax base, Huntersville's revenues have grown commensurately. For instance, the Town's property tax revenues have grown 58% (Table 4). The population increase has brought with it demand for services, most notably in police, parks and recreation, and transportation/mobility. The previous decade has seen a predictable rise in general fund expenditures of approximately 64% (Table 4). Commitment to citizen safety and wellbeing is a major contributing factor for the anticipated build out population of over 105,000+ residents by 2040.

The Town has several projects that garner publicity. The Town's Birkdale Village is renowned for its unique successful approach to mixed use development and contribution to Huntersville as a destination. The much anticipated 400+ acre Bryton development has seen new life with proximity to the I-485 loop with a 400 unit apartment complex nearing completion. Also, the Town Board sold the 32 acre Anchor Mill property which is expected to see plans in the upcoming years and reviewing proposals for property adjacent to Town Center. Finally, several commercial projects are in various stages of construction on the southern end of town toward Charlotte's Northlake Mall region. Huntersville has multiple projects that illustrate a thriving local economy.

Long-Term Financial Planning



For many years, the Town has maintained enviable cash reserves and maintained relatively low debt levels. Such conservative financial practices have resulted in meeting the demands of a high growth community with a low tax burden. Examples of recently financed capital projects include the new police facility, development of Town Center and anticipated expansion of state road intersections at Gilead Road and US 21 as well as Gilead Road and NC Highway 115.

As illustrated in the Town's five year Capital Improvement Plan, future projects are dominated by transportation, greenway and park projects. Examples include the Main Street improvements, Gilead Road West, Vance Road, downtown greenway development, Ranson Rosedale Park, and Stumptown Road improvements. The Town's current AAA bond rating from both Moody's Investor Service and Standard & Poors allows management to provide capital infrastructure at the lowest interest rates possible. Therefore, efforts to preserve that rating is a major Staff initiative. In fiscal 2020 the Town issued the remaining transportation bonds from the citizens approved a \$30 million bond referendum in 2012. Those bonds funded projects that are expected to be transformative for citizens in the years to come.

Users of this document and others interested in services and programs the Town offers are encouraged to read the Town's FY 2021 Annual Budget. The Annual Budget details the Town's long-term goals and financial policies, describes program initiatives for each department and outlines the Town's five year capital improvement program. Specific revenue and expenditure forecasts are also disclosed in the annual budget by department at the line item detail level. Historical budget and actual figures are also displayed for the prior completed fiscal year. The

document addresses how financial policies are impacted by future year's spending plan and how the Town plans to maintain compliance with reserve policies. Additional information can be found regarding the Town's budgets at <http://www.huntersville.org/Departments/Finance.aspx>.

AWARDS AND ACKNOWLEDGEMENTS

The Town received the Government Finance Officers Association of the United States and Canada (GFOA) *Certificate of Achievement for Excellence in Financial Reporting* for their Comprehensive Annual Financial Report (CAFR) prepared last year. In order to be awarded a *Certificate of Achievement*, a government unit must publish an easily readable and efficiently organized CAFR whose contents conform to program standards. The document must satisfy both generally accepted accounting principles and applicable legal requirements and is valid for one year. We believe the FY 2020 report conforms to the *Certificate of Achievement* program requirements and plan to submit this year's report as well for consideration in the program.

The preparation of this report on a timely basis was made possible by the dedicated service and cooperation of many, particularly Martin Starnes and Associates CPAs PA and the Town's Finance Department in concert with all Town Departments. We would like to extend special thanks to the Mayor and Town Board for their support maintaining the highest standards of professionalism in the stewardship of the Town's financial condition.

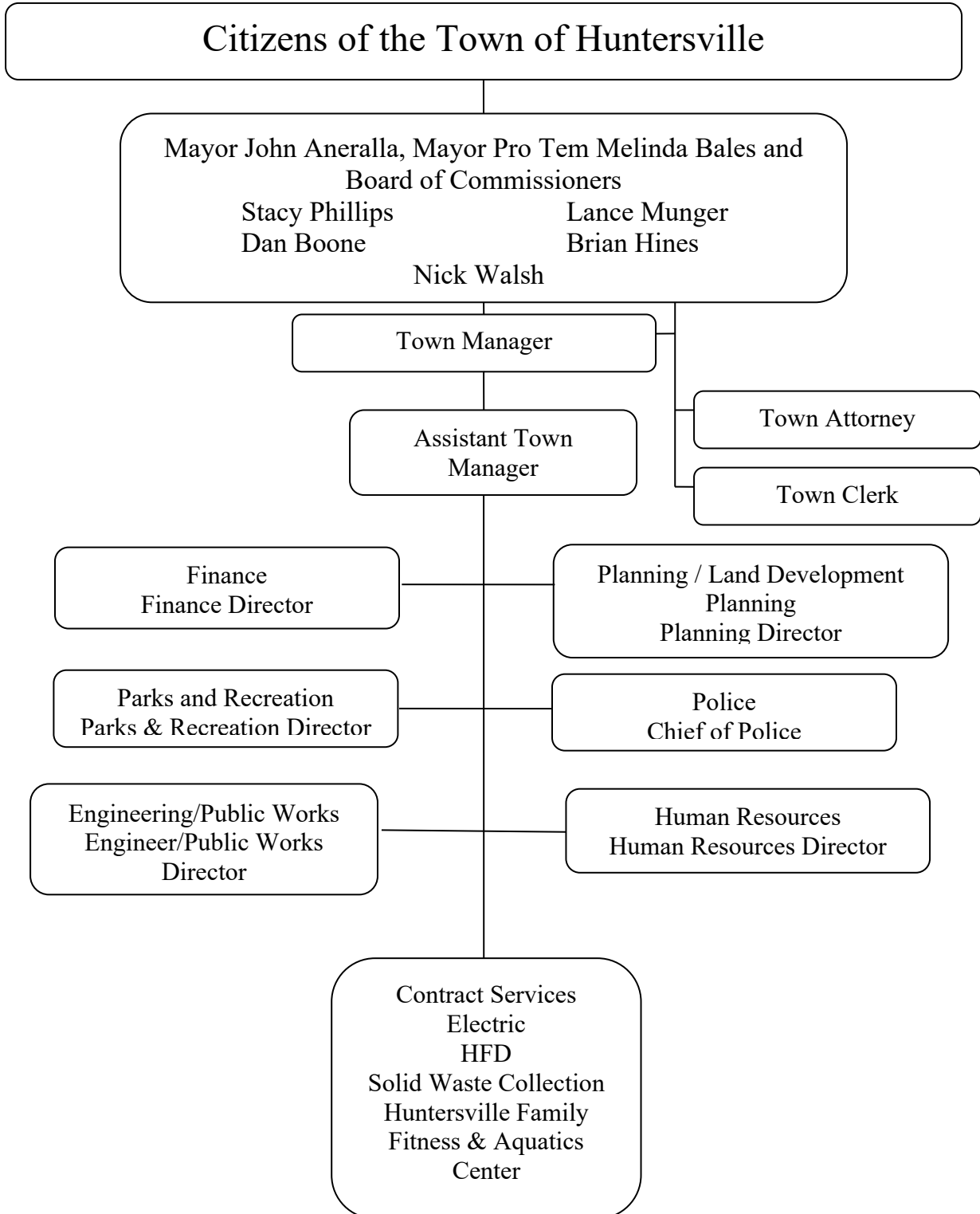
Anthony Roberts

Anthony Roberts
Town Manager

Pattie McGinnis

Pattie McGinnis
Finance Director

Town of Huntersville, North Carolina Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Huntersville
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2019

Christopher P. Morill

Executive Director/CEO



List of Elected Officials

Mayor	John Aneralla
Mayor Pro Tem/Town Commissioner	Melinda Bales
Town Commissioner	Dan Boone
Town Commissioner	Lance Munger
Town Commissioner	Brian Hines
Town Commissioner	Stacy Phillips
Town Commissioner	Nick Walsh

List of Appointed Officials

Town Manager	Anthony Roberts
Assistant Town Manager	Jackie Huffman
Town Attorney	Emily Sloop
Town Clerk	Janet Pierson
Finance Director	Pattie McGinnis
Human Resources Director	Lara Cagle
Parks and Recreation Director	Michael Jaycocks
Planning Director	Jack Simoneau
Police Chief	Bence Hoyle
Engineering Director	Stephen Trott
Public Works Director	Kevin Fox



FINANCIAL SECTION



MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

Independent Auditor's Report

To the Board of Commissioners
Town of Huntersville
Huntersville, North Carolina

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Huntersville, North Carolina, as of and for the year ended June 30, 2020, 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 from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Huntersville, North Carolina, as of June 30, 2020, and the respective changes in financial position and, where applicable, cash flows, thereof, and the respective budgetary comparison for the General Fund and Grants Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, the Other Post-Employment Benefits' Schedules of Changes in the Total OPEB Liability and Related Ratios, and the Law Enforcement Officers' Special Separation Allowance Schedules of the Changes in Total Pension Liability and Total Pension Liability as a Percentage of Covered Payroll be presented to supplement the basic financial statements. Such information, although not a 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 Town of Huntersville's basic financial statements. The introductory section, combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, other schedules, 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*, and the State Single Audit Implementation Act, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budget and actual schedules, supplemental ad valorem tax schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are the responsibility of management and were derived from, and relate directly to, the underlying accounting and other records used to prepare the 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. In our opinion, the combining and individual fund financial

statements, budget and actual schedules, supplemental ad valorem tax schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report October 30, 2020 on our consideration of the Town of Huntersville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Huntersville's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Huntersville's internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 30, 2020



Management's Discussion and Analysis

As management of the Town of Huntersville (Town) we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Huntersville for the fiscal year ended June 30, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

- The assets and deferred outflows of resources of the Town of Huntersville exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$163,835,157.
- The government's total net position had an increase of \$7,522,462.
- As of the close of the current fiscal year, the Town of Huntersville's governmental funds reported combined ending fund balances of \$81,520,522, with a net increase of \$20,291,990, in fund balance. Approximately 52.51 percent of this total amount, or \$42,804,950 is non-spendable or restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$20,567,460, or 47.71 percent, of total General Fund expenditures for the fiscal year.
- The Town of Huntersville holds the following bond ratings:

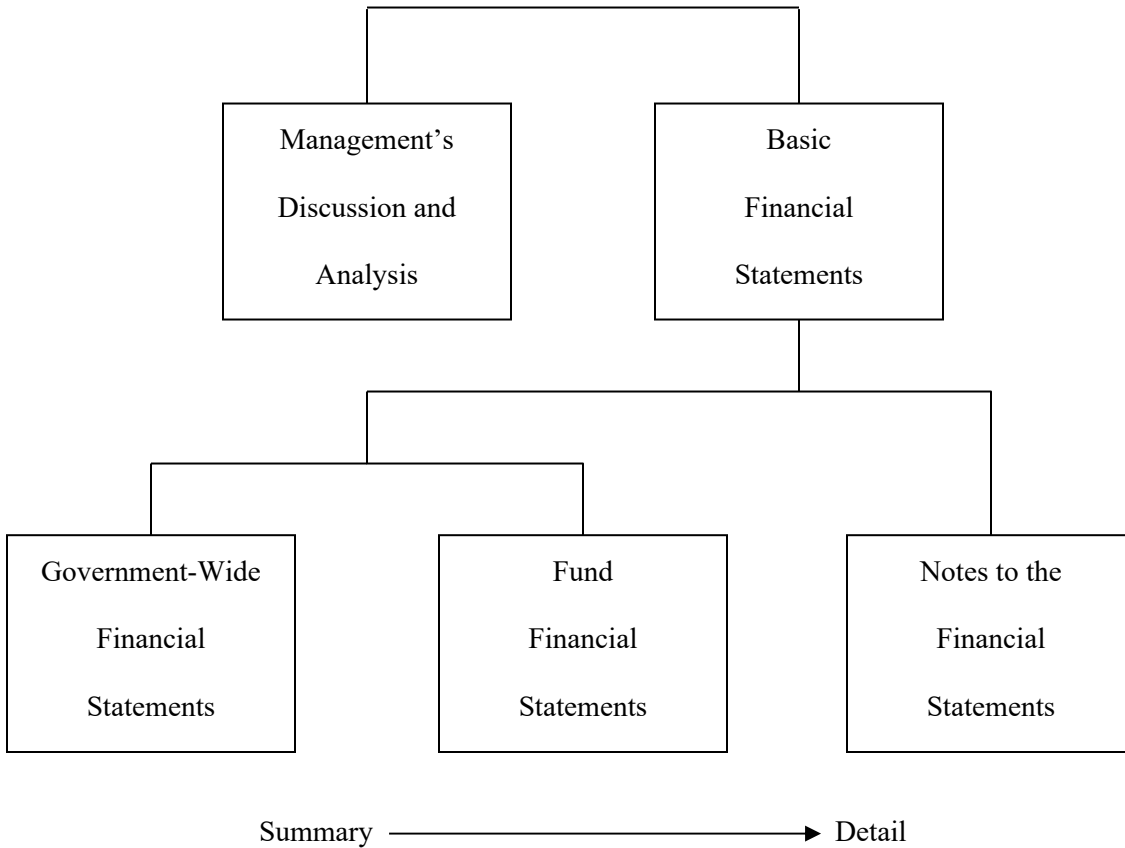
Moody's	Aaa
Standard & Poor's	AAA

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Town of Huntersville'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 Huntersville.

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 8) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the fund financial statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The third section of the basic financial statements is the **Notes to the Financial Statements**, which explains in detail some of the data contained in the statements noted above. After the notes, **Supplemental Information** is presented to provide details about the Town's individual funds. Budgetary information required by the General Statutes also can be found in the supplemental information.

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 statements of a private-sector business. The government-wide statements provide short and long-term information about the Town's financial status as a whole.

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

The government-wide statements are divided into three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services, such as public safety, parks and recreation, community planning and development, and general administration. Property taxes, other taxes, grants, and contributions finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include electric services and Huntersville Family Fitness and Aquatics Center. The final category is the component unit. The Town does not have a component unit.

The government-wide financial statements are on Exhibits 1 and 2 of the basic financial statements.

Fund Financial Statements

The fund financial statements (see Figure 2) 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 Huntersville, like all other governmental entities in North Carolina, uses fund accounting to ensure and reflect compliance (or non-compliance) with finance-related legal requirements, such as the General Statutes or the Town's budget ordinance. All of the funds of the Town of Huntersville can be divided into two categories: governmental funds and proprietary 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 governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is described in a reconciliation that is a part of the fund financial statements.

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

Proprietary Funds – The Town of Huntersville has one proprietary fund. *Enterprise Funds* are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Huntersville uses enterprise funds to account for its electric operations and the operation of Huntersville Family Fitness and Aquatics Center. These funds are the same as those functions shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

Notes to the Financial Statements – The information reported in the notes to the financial statements provide additional disclosure necessary to have a complete understanding of the data presented in the government-wide financial statements.

Other Financial Information – In addition to the basic financial statements and accompanying notes, the report also presents certain required supplementary information for the Law Enforcement Special Separation Allowance. Required supplementary information follows the notes to the financial statements.

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

The Town of Huntersville's Net Position

Figure 2

	Governmental Activities		Business-Type Activities		Total Primary Government	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Assets:						
Current and other assets	\$ 89,397,109	\$ 66,889,561	\$ 2,129,248	\$ 1,106,108	\$ 91,526,357	\$ 67,995,669
Capital assets	108,660,043	107,649,976	30,217,925	29,765,175	138,877,968	137,415,151
Total assets	198,057,152	174,539,537	32,347,173	30,871,283	230,404,325	205,410,820
Deferred Outflows of Resources	3,568,004	3,489,822	-	-	3,568,004	3,489,822
Liabilities:						
Long-term liabilities outstanding	55,652,229	40,371,998	330,336	362,920	55,982,565	40,734,918
Other liabilities	9,718,553	7,608,996	2,347,565	2,559,920	12,066,118	10,168,916
Total liabilities	65,370,782	47,980,994	2,677,901	2,922,840	68,048,683	50,903,834
Deferred Inflows of Resources	2,088,489	1,684,113	-	-	2,088,489	1,684,113
Net Position:						
Net investment in capital assets	77,926,213	75,601,202	29,862,589	29,271,115	107,788,802	104,872,317
Restricted	24,680,256	23,482,792	-	-	24,680,256	23,482,792
Unrestricted	31,559,416	29,280,258	(193,317)	(1,322,672)	31,366,099	27,957,586
Total net position	\$ 134,165,885	\$ 128,364,252	\$ 29,669,272	\$ 27,948,443	\$ 163,835,157	\$ 156,312,695

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of the Town of Huntersville exceeded liabilities and deferred inflows of resources by \$163,835,157 as of June 30, 2020. The Town's net position increased by \$7,522,462 for the fiscal year ended June 30, 2020. However, a large portion 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 Huntersville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Huntersville'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.

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 99.26%.
- In addition to the conservative estimates of the revaluation, property tax collections exceeded budgeted estimates.
- Reimbursement from NCDOT of \$400,000 for Patterson Road improvements related to the Kurz Transfer Products, LP facility.

Town of Huntersville's Changes in Net Position

Figure 3

	Governmental Activities		Business-Type Activities		Total Primary Government	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,597,499	\$ 2,085,808	\$ 24,157,641	\$ 24,897,817	\$ 26,755,140	\$ 26,983,625
Operating grants and contributions	2,718,722	6,308,078	-	-	2,718,722	6,308,078
Capital grants and contributions	2,060,482	3,846,818	-	-	2,060,482	3,846,818
General revenues:						
Property taxes	23,043,924	21,873,081	-	-	23,043,924	21,873,081
Other taxes	13,101,174	9,777,550	-	-	13,101,174	9,777,550
NCMPA rebate	-	-	2,207,166	-	2,207,166	-
Other	8,725,796	9,109,577	40,115	14,015	8,765,911	9,123,592
Total revenues	52,247,597	53,000,912	26,404,922	24,911,832	78,652,519	77,912,744
Expenses:						
General government	2,534,841	2,560,089	-	-	2,534,841	2,560,089
Public safety	18,145,124	16,812,324	-	-	18,145,124	16,812,324
Transportation	4,136,433	2,634,731	-	-	4,136,433	2,634,731
Planning	1,342,741	1,214,150	-	-	1,342,741	1,214,150
Public works	13,479,038	10,598,698	-	-	13,479,038	10,598,698
Culture and recreation	5,341,704	5,243,708	-	-	5,341,704	5,243,708
Interest on long-term debt	1,466,083	1,314,244	-	-	1,466,083	1,314,244
Fitness & Aquatics Fund	-	-	3,963,700	3,984,482	3,963,700	3,984,482
Electric	-	-	20,720,393	19,537,205	20,720,393	19,537,205
Total expenses	46,445,964	40,377,944	24,684,093	23,521,687	71,130,057	63,899,631
Change in net position before transfers	5,801,633	12,622,968	1,720,829	1,390,145	7,522,462	14,013,113
Transfers	-	(545,141)	-	545,141	-	-
Change in net position	5,801,633	12,077,827	1,720,829	1,935,286	7,522,462	14,013,113
Net position, July 1	128,364,252	116,286,425	27,948,443	26,013,157	156,312,695	142,299,582
Net position, June 30	\$ 134,165,885	\$ 128,364,252	\$ 29,669,272	\$ 27,948,443	\$ 163,835,157	\$ 156,312,695

Governmental Activities. Governmental activities increased the Town's net position by \$5,801,633. The key element of this increase is primarily due to property tax collections and the transit portion of local option sales tax.

Business-Type Activities. Business-type activities increased the Town of Huntersville's net position by \$1,720,829.

Financial Analysis of the Town's Funds

The Town of Huntersville uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The Town's annual balanced budget is prepared on the modified accrual basis of accounting in accordance with the Budget and Fiscal Control Act of the North Carolina General Statutes. The General Fund is the most significant fund budgeted. The focus of the Town of Huntersville's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the Town of Huntersville's financing requirements. Specifically, unreserved fund balance can be a useful measure of a government's net resources available for spending at the end of the fiscal year.

The General Fund is the chief operating fund of the Town of Huntersville. At the end of the current fiscal year, unassigned fund balance in the General Fund was \$20,567,460 while total fund balance reached \$60,090,297. It is the Town's policy that all General Fund balance, excluding specific restricted balances, exceeding 45% of the current year original budget appropriation be earmarked for capital reserve purposes. The Town currently has an available fund balance of 108.4% General Fund expenditures, while total fund balance represents 139.4% of the same amount.

The Town's Grants Fund is a major special revenue fund set up for grant monies that have been legally restricted for specific expenditures. The negative fund balance represents expenditures the Town funded and awaits reimbursement from North Carolina Department of Revenue. The increase in negative fund balance is due to the additional expenditures that the Town funded in FY 2020 and awaits reimbursement from North Carolina Department of Revenue.

The Bond Fund 2020 is a major capital project fund. In February 2020, the Town had a principal bond issuance of \$15,560,000 with a \$2,140,531 bond premium this in turn created the increase in fund balance. This bond issuance will be used to fund multiple transportation and public improvement projects in the Town.

At June 30, 2020, the governmental funds of the Town of Huntersville reported a combined fund balance of \$81,520,522, a 33.1 percent increase over prior year primarily due to the \$15,560,000 principal bond issuance for multiple transportation and public improvement projects, \$2,140,531 in bond premium and increase in property tax collections. Included in this change in fund balance is the increase in the General Fund of \$3,778,832, which is a 6.7 percent increase over last year. This is primarily due to increase in property tax collections and the transit portion of local option sales tax and the Bond Fund 2020 issuance which provided the funding mechanisms for the much-anticipated transportation and mobility projects.

General Fund Budgetary Highlights: The Town's annual balanced budget is prepared in the modified accrual basis of accounting in accordance with the Budget and Fiscal Control Act of the North Carolina General Statutes. The General Fund is the most significant fund budgeted. During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is available; 2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and 3) increases in appropriations that become necessary to maintain services. The primary changes in fund balance is due to increase funding of capital projects such as technology enhancements and engineering and design for mobility projects in addition to debt service on the 2020 Bonds.

Proprietary Funds. The Town of Huntersville’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$4,644,659, and those for the Huntersville Fitness and Aquatics Center amounted to (\$4,837,976). The total change in net position for both funds was an increase of \$2,692,665 and a decrease of \$971,836, respectively. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Town of Huntersville’s business-type activities.

Capital Asset and Debt Administration

Capital Assets. The Town of Huntersville’s investment in capital assets for its governmental and business-type activities as of June 30, 2020 totals \$138,877,968 (net of accumulated depreciation). These assets include buildings, roads, land, machinery and equipment, park facilities, and vehicles. As required by GASB 34, the Town was required to retroactively report infrastructure assets starting in fiscal years ending June 30, 2007. Figure 4 reflects this reporting requirement.

Major capital asset transactions during the year include the following additions (there were no significant demolitions or disposals):

- Buildout of the Town’s road network in FY 2020 was approximately \$4,081,824.
- Electric line, transformers and other capital additions totaled \$2,152,370.

**Town of Huntersville’s Capital Assets
(net of depreciation)**

Figure 4

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total Primary Government</u>	
	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Land	\$ 26,645,701	\$ 25,946,692	\$ 413,771	\$ 413,771	\$ 27,059,472	\$ 26,360,463
Construction in progress	3,697,641	3,883,806	-	-	3,697,641	3,883,806
Land improvements	4,698,814	5,374,501	12,361	14,003	4,711,175	5,388,504
Buildings	27,194,355	27,639,553	6,355,367	6,625,394	33,549,722	34,264,947
Vehicles	1,529,658	1,540,889	269,466	358,118	1,799,124	1,899,007
Furniture & equipment	1,134,392	1,184,343	1,337,186	1,565,078	2,471,578	2,749,421
Infrastructure	43,696,025	42,006,315	-	-	43,696,025	42,006,315
Substations, lines & related equipment	-	-	21,829,774	20,788,811	21,829,774	20,788,811
Computers & software	63,457	73,877	-	-	63,457	73,877
Total	<u>\$ 108,660,043</u>	<u>\$ 107,649,976</u>	<u>\$ 30,217,925</u>	<u>\$ 29,765,175</u>	<u>\$ 138,877,968</u>	<u>\$ 137,415,151</u>

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, 2020, the Town of Huntersville had total debt outstanding of \$60,520,586.

Town of Huntersville's Outstanding Debt Long-Term Debt

Figure 5

	Governmental Activities		Business-Type Activities		Total Primary Government	
	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019	June 30, 2020	June 30, 2019
General Obligation Bonds	\$ 34,917,000	\$ 21,856,000	\$ 325,000	\$ 350,000	\$ 35,242,000	\$ 22,206,000
Limited Obligation Bonds	6,734,994	7,828,854	-	106,140	6,734,994	7,934,994
Premium on long-term debt	3,528,070	1,116,379	30,336	37,920	3,558,406	1,154,299
Direct placement installment purchase	3,770,000	4,060,000	-	-	3,770,000	4,060,000
Compensated absences	819,021	787,350	-	-	819,021	787,350
Net pension liability (LGERS)	4,769,828	4,033,930	-	-	4,769,828	4,033,930
Total pension liability (LEOSSA)	2,965,090	2,312,062	-	-	2,965,090	2,312,062
Other post-employment benefits	2,661,247	2,252,633	-	-	2,661,247	2,252,633
Total	\$ 60,165,250	\$ 44,247,208	\$ 355,336	\$ 494,060	\$ 60,520,586	\$ 44,741,268

The Town issued \$15,560,000 GO bonds in February 2020 and refunded \$3,975,000 of bonds originally issued in 2010. The Town does not have any remaining authorized non-issued bonds available to be sold.

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 Town's legal debt margin at the end of the year is approximately \$725,927,039.

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

Economic Factors and Next Year's Budgets and Rates

The following key economic indicators reflect the growth and prosperity of the Town.

- Gradual recovery from the COVID-19 recession as reflected in the decline in the Huntersville unemployment rate from its peak of 10.9% in April to 6.4% in June which is less than the 11.2% June national average and 7.5% June North Carolina rate.
- Building permits issued after the pandemic in March through June 2020 exceed March through June 2019 levels by 77%.
- Continued growth in property tax base with Town assessed value exceeding \$9.6 billion.
- Commercial development construction of Kurz Transfer Products, LP facility, Focus Office Suites, and Ramah Executive Park business office and the redevelopment of Birkdale Landing.

As has been widely reported, in early 2020, a worldwide pandemic associated with the Coronavirus emerged. General responses to manage the pandemic have included many extraordinary measures designed to reduce physical human interactions, including the temporary suspension of a wide range of events and activities that involve gatherings of people and the temporary closing of many institutions and commercial establishments. This pandemic has also created, or is expected to create, a crisis in the health care delivery system across the globe. The Town has budgeted some decrease in sales tax, prepared food and beverage tax and occupancy tax receipts in FY 2021. The Town is actively tracking the potential financial impacts of the Coronavirus pandemic. It is not possible at this time to predict the final short and long term impact on the Town's financial condition.

Budget Highlights for the Fiscal Year Ending June 30, 2021

Governmental Activities. The Town Manager's recommended operating budget for the FY 2021 was adopted by the Town Board on June 1, 2020. The FY 2021 operating budget is an approximate 1.5% decrease from the prior year adopted budget. Due to the uncertainty of the impact of Covid-19, the Town took a conservative approach to budgeting revenue. Highlights of changes in the Town's General Fund planned expenditures in FY 2021 includes use of \$4.464 million of fund balance to fund major capital improvements down from \$6.225 million funded in FY 2020. The Stormwater reserves are anticipated to decline \$472,700 to fund a major stormwater restoration project near North Meck Park. In addition, an increase of \$1,118,435 due in part to the debt service on the 2020 bonds, increase of \$474,409 in the fire department allocation, \$144,825 in increased cost to provide solid waste services to citizens and increase Powell Bill funded street maintenance of \$125,000.

Business Activities. Expenses in the Town's Electric Fund are budgeted at \$22,836,567 which is a 5.4% increase over the prior year budget primarily due to an increase in capital of \$1,511,857 partially offset by a decrease in personnel and operating expense of \$341,783. HFFA (Huntersville Family Fitness and Aquatics) decreased \$122,393 to \$3,740,059 in the FY 2021 budget largely attributable to an anticipated decline in usage and opening capacity related to COVID – 19.

Requests for Information

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Director of Finance, Town of Huntersville, PO Box 664, Huntersville, North Carolina 28070.

BASIC FINANCIAL STATEMENTS



TOWN OF HUNTERSVILLE, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and cash equivalents	\$ 49,724,182	\$ 4,060,428	\$ 53,784,610
Taxes receivables, net	103,135	-	103,135
Accounts receivable, net	1,973,593	2,270,959	4,244,552
Due from other governments	2,864,736	71,960	2,936,696
Internal balances	4,741,209	(4,741,209)	-
Prepaid items	38,450	-	38,450
Inventories	-	179,611	179,611
Cash and cash equivalents - restricted	29,951,804	287,499	30,239,303
Total current assets	89,397,109	2,129,248	91,526,357
Capital assets:			
Land and construction in progress	30,343,342	413,771	30,757,113
Other capital assets, net of depreciation	78,316,701	29,804,154	108,120,855
Total capital assets	108,660,043	30,217,925	138,877,968
Total assets	198,057,152	32,347,173	230,404,325
Deferred Outflows of Resources:			
Charge of refunding	129,990	-	129,990
OPEB deferrals	138,386	-	138,386
Pension deferrals	3,299,628	-	3,299,628
Total deferred outflows of resources	3,568,004	-	3,568,004
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	4,181,583	2,035,066	6,216,649
Liabilities payable from restricted assets	615,137	287,499	902,636
Prepaid rentals	8,669	-	8,669
Prepaid fees	400,143	-	400,143
Due within one year	4,513,021	25,000	4,538,021
Total current liabilities	9,718,553	2,347,565	12,066,118
Long-term liabilities:			
Due in more than one year	45,256,064	330,336	45,586,400
Total OPEB liability	2,661,247	-	2,661,247
Net pension liability - LGERS	4,769,828	-	4,769,828
Total pension liability - LEOSSA	2,965,090	-	2,965,090
Total long-term liabilities	55,652,229	330,336	55,982,565
Total liabilities	65,370,782	2,677,901	68,048,683

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2020

	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Advances from grantor	1,460,076	-	1,460,076
DARE revenue	11,968	-	11,968
Prepaid taxes	9,777	-	9,777
Prepaid donations	23,427	-	23,427
OPEB deferrals	339,569	-	339,569
Pension deferrals	243,672	-	243,672
Total deferred inflows of resources	2,088,489	-	2,088,489
Net Position:			
Net investment in capital assets	77,926,213	29,862,589	107,788,802
Restricted:			
Stabilization by state statute	14,940,417	-	14,940,417
Streets - Powell Bill	2,985,463	-	2,985,463
Restricted for future capital projects	73,236	-	73,236
Occupancy tax	2,626,528	-	2,626,528
Stormwater projects	4,054,612	-	4,054,612
Unrestricted	31,559,416	(193,317)	31,366,099
Total net position	\$ 134,165,885	\$ 29,669,272	\$ 163,835,157

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



TOWN OF HUNTERSVILLE, NORTH CAROLINA

**STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 2,534,841	\$ 376,546	\$ 74,515	\$ 33,869
Transportation	4,136,433	895,440	482,830	-
Planning	1,342,741	66,825	-	-
Public safety	18,145,124	48,258	526,408	-
Public works	13,479,038	619,362	1,514,875	2,026,613
Cultural and recreation	5,341,704	591,068	120,094	-
Interest on long-term debt	1,466,083	-	-	-
Total governmental activities	<u>46,445,964</u>	<u>2,597,499</u>	<u>2,718,722</u>	<u>2,060,482</u>
Business-Type Activities:				
Electric Fund	20,720,393	21,165,777	-	-
Huntersville Family Fitness and Aquatic Fund	3,963,700	2,991,864	-	-
Total business-type activities	<u>24,684,093</u>	<u>24,157,641</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 71,130,057</u>	<u>\$ 26,755,140</u>	<u>\$ 2,718,722</u>	<u>\$ 2,060,482</u>

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Net (Expense) Revenue and Changes in Net Position</u>		
	<u>Primary Government</u>		
	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Functions/Programs:			
Primary Government:			
Governmental Activities:			
General government	\$ (2,049,911)	\$ -	\$ (2,049,911)
Transportation	(2,758,163)	-	(2,758,163)
Planning	(1,275,916)	-	(1,275,916)
Public safety	(17,570,458)	-	(17,570,458)
Public works	(9,318,188)	-	(9,318,188)
Cultural and recreation	(4,630,542)	-	(4,630,542)
Interest on long-term debt	(1,466,083)	-	(1,466,083)
Total governmental activities	<u>(39,069,261)</u>	<u>-</u>	<u>(39,069,261)</u>
Business-Type Activities:			
Electric Fund	-	445,384	445,384
Huntersville Family Fitness and Aquatic Fund	<u>-</u>	<u>(971,836)</u>	<u>(971,836)</u>
Total business-type activities	<u>-</u>	<u>(526,452)</u>	<u>(526,452)</u>
Total primary government	<u>(39,069,261)</u>	<u>(526,452)</u>	<u>(39,595,713)</u>
General Revenues:			
Taxes:			
Ad valorem taxes	23,043,924	-	23,043,924
Local option sales tax	9,454,798	-	9,454,798
Other taxes and licenses	3,646,376	-	3,646,376
Unrestricted intergovernmental revenues	6,857,583	-	6,857,583
NCMPA rebate	-	2,207,166	2,207,166
Investments earnings	857,781	40,115	897,896
Miscellaneous	1,010,432	-	1,010,432
Total general revenues	<u>44,870,894</u>	<u>2,247,281</u>	<u>47,118,175</u>
Change in net position	5,801,633	1,720,829	7,522,462
Net Position:			
Beginning of year - July 1	<u>128,364,252</u>	<u>27,948,443</u>	<u>156,312,695</u>
End of year - June 30	<u>\$ 134,165,885</u>	<u>\$ 29,669,272</u>	<u>\$ 163,835,157</u>

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	General Fund	Grants Fund	Bond Fund 2020	Other Governmental Funds	Total
Assets:					
Cash and cash investments	\$ 45,115,780	\$ -	\$ -	\$ 4,608,402	\$ 49,724,182
Taxes receivable, net	103,135	-	-	-	103,135
Accounts receivable, net	2,938	1,874,538	-	96,117	1,973,593
Due from other governments	2,864,736	-	-	-	2,864,736
Due from other funds	5,882,767	-	-	-	5,882,767
Prepaid items	38,450	-	-	-	38,450
Restricted cash and cash equivalents	11,194,357	-	17,199,880	1,557,567	29,951,804
Total assets	<u>\$ 65,202,163</u>	<u>\$ 1,874,538</u>	<u>\$ 17,199,880</u>	<u>\$ 6,262,086</u>	<u>\$ 90,538,667</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ 3,637,923	\$ 32,360	\$ -	\$ 114,874	\$ 3,785,157
Due to other funds	-	673,777	447,664	20,117	1,141,558
Prepaid rentals	8,669	-	-	-	8,669
Prepaid fees	400,143	-	-	-	400,143
Payable from restricted assets	615,137	-	-	-	615,137
Total liabilities	<u>4,661,872</u>	<u>706,137</u>	<u>447,664</u>	<u>134,991</u>	<u>5,950,664</u>
Deferred Inflows of Resources:					
Taxes receivable	103,135	-	-	-	103,135
Solid waste receivable	2,856	-	-	-	2,856
Advances from grantor	298,831	1,161,245	-	-	1,460,076
Unavailable revenue	-	1,456,242	-	-	1,456,242
DARE revenue	11,968	-	-	-	11,968
Prepaid taxes	9,777	-	-	-	9,777
Prepaid donations	23,427	-	-	-	23,427
Total deferred inflows of resources	<u>449,994</u>	<u>2,617,487</u>	<u>-</u>	<u>-</u>	<u>3,067,481</u>
Fund Balances:					
Non-Spendable:					
Prepays	38,450	-	-	-	38,450
Restricted:					
Stabilization by state statute	13,343,758	418,296	522,044	656,319	14,940,417
Streets - Powell Bill	2,985,463	-	-	-	2,985,463
Future capital projects	736,588	-	16,230,172	1,192,720	18,159,480
Occupancy tax	2,626,528	-	-	-	2,626,528
Stormwater projects	4,054,612	-	-	-	4,054,612
Committed:					
Debt service	2,012,365	-	-	-	2,012,365
Capital projects	8,676,664	-	-	725,155	9,401,819
Assigned:					
Emergency services	584,108	-	-	-	584,108
Transportation	-	-	-	2,137,228	2,137,228
Land development	-	-	-	469,931	469,931
Commerce Station	-	-	-	945,742	945,742
Subsequent year's expenditures	4,464,301	-	-	-	4,464,301
Unassigned:	20,567,460	(1,867,382)	-	-	18,700,078
Total fund balance	<u>60,090,297</u>	<u>(1,449,086)</u>	<u>16,752,216</u>	<u>6,127,095</u>	<u>81,520,522</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 65,202,163</u>	<u>\$ 1,874,538</u>	<u>\$ 17,199,880</u>	<u>\$ 6,262,086</u>	

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2020

	<u>Total</u>
Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.	108,660,043
Deferred outflows of resources related to pensions are not reported in the funds.	3,299,628
Deferred outflows of resources related to OPEB are not reported in the funds.	138,386
Deferred outflows of resources related to charge on refunding	129,990
Some liabilities are not due and payable in the current period and, therefore, are not reported in the funds:	
Long-term debt	(48,950,064)
Unamortized bond premium/discount	
Accrued interest	(396,426)
Compensated absences	(819,021)
Net pension liability	(4,769,828)
Total pension liability	(2,965,090)
OPEB liability	(2,661,247)
Deferred inflows of resources related to pensions are not reported in the funds.	(243,672)
Deferred inflows of resources related to OPEB are not reported in the funds.	(339,569)
Deferred inflows of resources for taxes receivable	103,135
Deferred inflows of resources for unavailable revenue	1,456,242
Deferred inflows of resources for solid waste receivable	<u>2,856</u>
Net position of governmental activities	<u>\$ 134,165,885</u>

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>General Fund</u>	<u>Grants Fund</u>	<u>Bond Fund 2020</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Revenues:					
Ad valorem taxes	\$ 22,750,743	\$ -	\$ -	\$ 337,379	\$ 23,088,122
Other taxes and licenses	13,101,174	-	-	-	13,101,174
Unrestricted intergovernmental revenues	6,857,583	-	-	-	6,857,583
Restricted intergovernmental revenues	1,860,550	318,055	-	94,682	2,273,287
Permits and fees	911,869	-	-	895,440	1,807,309
Land development fees	-	-	-	619,362	619,362
Investment earnings	777,724	-	18,663	61,394	857,781
Sale of land	-	-	-	170,828	170,828
Miscellaneous	1,200,929	-	-	-	1,200,929
Total revenues	<u>47,460,572</u>	<u>318,055</u>	<u>18,663</u>	<u>2,179,085</u>	<u>49,976,375</u>
Expenditures:					
Current:					
General government	2,788,655	13,702	-	384,480	3,186,837
Transportation	81,047	482,830	-	1,177,883	1,741,760
Planning	1,260,859	-	-	-	1,260,859
Public safety	16,506,332	180,734	-	-	16,687,066
Public works	14,183,988	-	817,499	464,106	15,465,593
Cultural and recreation	4,644,187	123,779	-	47,709	4,815,675
Debt service:					
Principal	2,687,860	-	-	400,000	3,087,860
Bond issuance cost	-	-	-	53,898	53,898
Interest and issuance costs	952,265	-	-	187,001	1,139,266
Total expenditures	<u>43,105,193</u>	<u>801,045</u>	<u>817,499</u>	<u>2,715,077</u>	<u>47,438,814</u>
Revenues over (under) expenditures	<u>4,355,379</u>	<u>(482,990)</u>	<u>(798,836)</u>	<u>(535,992)</u>	<u>2,537,561</u>
Other Financing Sources (Uses):					
Transfers (to) other funds	(796,547)	-	(220,000)	-	(1,016,547)
Transfer from other funds	220,000	3,685	-	792,862	1,016,547
General obligation bond issued	-	-	15,560,000	-	15,560,000
Refunding bonds issued	-	-	-	3,975,000	3,975,000
Payment to escrow agent	-	-	-	(4,769,711)	(4,769,711)
Premium on debt issued	-	-	2,140,531	848,609	2,989,140
Total other financing sources (uses)	<u>(576,547)</u>	<u>3,685</u>	<u>17,480,531</u>	<u>846,760</u>	<u>17,754,429</u>
Net change in fund balances	3,778,832	(479,305)	16,681,695	310,768	20,291,990
Fund Balances:					
Beginning of year - July 1	<u>56,311,465</u>	<u>(969,781)</u>	<u>70,521</u>	<u>5,816,327</u>	<u>61,228,532</u>
End of year - June 30	<u>\$ 60,090,297</u>	<u>\$ (1,449,086)</u>	<u>\$ 16,752,216</u>	<u>\$ 6,127,095</u>	<u>\$ 81,520,522</u>

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

**STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Total Governmental Funds</u>
Amounts reported for governmental activities in the Statement of Activities (Exhibit 2) are different due to the following items:	
Net changes in fund balances - total governmental funds (Exhibit 4)	\$ 20,291,990
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. As a result, the gain/loss on disposal of those assets would also differ between the two statements in an amount equal to the basis of the asset reported on the date of disposal.	
Capital outlay	6,138,167
Depreciation	(4,939,110)
Net book value of disposed capital assets	(188,990)
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the fund.	433,599
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.	(247,108)
Deferred charge related to refunding	(26,100)
The issuance of long-term debt provides current financial resources to the governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas, these amounts are deferred and amortized in the Statement of Activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	
Principal payments on long-term debt, debt proceeds, and amortization of premium	(14,088,831)
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	(31,671)
Pension expense	(1,294,315)
OPEB plan expense	(245,998)
Change in net position	<u>\$ 5,801,633</u>

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

GENERAL FUND AND ANNUALLY BUDGETED
MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>General Fund</u>			Variance from Final Budget Over/Under
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$ 21,543,334	\$ 21,543,334	\$ 22,750,743	\$ 1,207,409
Other taxes and licenses	12,068,960	12,068,960	13,101,174	1,032,214
Unrestricted intergovernmental	6,576,187	6,576,187	6,857,583	281,396
Restricted intergovernmental	1,846,632	1,846,632	1,860,550	13,918
Permits and fees	1,011,165	1,067,665	911,869	(155,796)
Investment earnings	400,000	400,000	777,724	377,724
Miscellaneous	429,500	620,670	1,200,929	580,259
Total revenues	<u>43,875,778</u>	<u>44,123,448</u>	<u>47,460,572</u>	<u>3,337,124</u>
Expenditures:				
Current:				
General government	2,441,964	2,898,945	2,788,655	110,290
Town Center and Parking Deck	106,435	110,485	81,047	29,438
Planning	1,397,694	1,533,139	1,260,859	272,280
Public safety	17,647,649	17,977,897	16,506,332	1,471,565
Public works	20,452,672	23,098,472	14,183,988	8,914,484
Cultural and recreation	4,894,993	5,288,996	4,644,187	644,809
Debt service:				
Principal	3,367,794	3,367,794	2,687,860	679,934
Interest	952,265	952,265	952,265	-
Total expenditures	<u>51,261,466</u>	<u>55,227,993</u>	<u>43,105,193</u>	<u>12,122,800</u>
Revenues over (under) expenditures	<u>(7,385,688)</u>	<u>(11,104,545)</u>	<u>4,355,379</u>	<u>15,459,924</u>
Other Financing Sources (Uses):				
Transfers in	-	-	220,000	220,000
Transfers (out)	-	(796,547)	(796,547)	-
Appropriated fund balance	7,385,688	11,901,092	-	(11,901,092)
Total other financing sources (uses)	<u>7,385,688</u>	<u>11,104,545</u>	<u>(576,547)</u>	<u>(11,681,092)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	3,778,832	<u>\$ 3,778,832</u>
Fund Balance:				
Beginning of year - July 1			<u>56,311,465</u>	
End of year - June 30			<u>\$ 60,090,297</u>	

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

GENERAL FUND AND ANNUALLY BUDGETED
MAJOR SPECIAL REVENUE FUND
STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Grants Special Revenue Fund</u>			Variance from Final Budget Over/Under
	<u>Budgeted Amounts</u>		<u>Actual</u>	
	<u>Original</u>	<u>Final</u>		
Revenues:				
Ad valorem taxes	\$ -	\$ -	\$ -	\$ -
Other taxes and licenses	-	-	-	-
Unrestricted intergovernmental	-	-	-	-
Restricted intergovernmental	-	17,743,555	318,055	(17,425,500)
Permits and fees	-	-	-	-
Investment earnings	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	<u>-</u>	<u>17,743,555</u>	<u>318,055</u>	<u>(17,425,500)</u>
Expenditures:				
Current:				
General government	-	26,508	13,702	12,806
Transportation	-	16,284,338	482,830	15,801,508
Planning	-	-	-	-
Public safety	-	619,921	180,734	439,187
Public works	-	650,000	-	650,000
Cultural and recreation	-	167,588	123,779	43,809
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Total expenditures	<u>-</u>	<u>17,748,355</u>	<u>801,045</u>	<u>16,947,310</u>
Revenues over (under) expenditures	<u>-</u>	<u>(4,800)</u>	<u>(482,990)</u>	<u>(478,190)</u>
Other Financing Sources (Uses):				
Transfers in	-	4,800	3,685	(1,115)
Transfers (out)	-	-	-	-
Appropriated fund balance	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>4,800</u>	<u>3,685</u>	<u>(1,115)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>(479,305)</u>	<u>\$ (479,305)</u>
Fund Balance:				
Beginning of year - July 1			<u>(969,781)</u>	
End of year - June 30			<u>\$ (1,449,086)</u>	

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

STATEMENT OF NET POSITION - PROPRIETARY FUNDS

JUNE 30, 2020

	Business-Type Activities Enterprise Funds		
	Huntersville Family Fitness and Aquatics Fund		Total
	Electric Fund	Aquatics Fund	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 4,058,439	\$ 1,989	\$ 4,060,428
Restricted cash	287,499	-	287,499
Accounts receivable	2,243,004	27,955	2,270,959
Due from other governments	71,960	-	71,960
Inventories	179,611	-	179,611
Total current assets	<u>6,840,513</u>	<u>29,944</u>	<u>6,870,457</u>
Capital assets:			
Land and other non-depreciable assets	413,771	-	413,771
Other capital assets, net of depreciation	22,189,156	7,614,998	29,804,154
Total capital assets	<u>22,602,927</u>	<u>7,614,998</u>	<u>30,217,925</u>
Total assets	<u>29,443,440</u>	<u>7,644,942</u>	<u>37,088,382</u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued liabilities	1,907,955	127,111	2,035,066
Due to other funds	400	4,740,809	4,741,209
Liabilities payable from restricted assets	287,499	-	287,499
Current portion of long-term debt	-	25,000	25,000
Total current liabilities	<u>2,195,854</u>	<u>4,892,920</u>	<u>7,088,774</u>
Non-current liabilities:			
Non-current portion of long-term debt	-	330,336	330,336
Total non-current liabilities	<u>-</u>	<u>330,336</u>	<u>330,336</u>
Total liabilities	<u>2,195,854</u>	<u>5,223,256</u>	<u>7,419,110</u>
Net Position:			
Net investment in capital assets	22,602,927	7,259,662	29,862,589
Unrestricted	4,644,659	(4,837,976)	(193,317)
Total net position	<u>\$ 27,247,586</u>	<u>\$ 2,421,686</u>	<u>\$ 29,669,272</u>

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES
IN NET POSITION - PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities		Total
	Enterprise Funds		
	Electric Fund	Huntersville Family Fitness and Aquatics Fund	
Operating Revenues:			
Charges for services	\$ 20,441,213	\$ 1,557,491	\$ 21,998,704
Other operating revenues	724,564	1,434,373	2,158,937
Total operating revenues	<u>21,165,777</u>	<u>2,991,864</u>	<u>24,157,641</u>
Operating Expenses:			
Electric operations	2,786,488	-	2,786,488
Electric power purchases	16,732,204	-	16,732,204
Family Fitness and Aquatics operations	-	3,326,433	3,326,433
Depreciation and amortization	1,201,701	621,506	1,823,207
Total operating expenses	<u>20,720,393</u>	<u>3,947,939</u>	<u>24,668,332</u>
Operating income (loss)	<u>445,384</u>	<u>(956,075)</u>	<u>(510,691)</u>
Non-Operating Revenues:			
Investment earnings	40,115	-	40,115
NCMPA rebate	2,207,166	-	2,207,166
Interest and other charges	-	(15,761)	(15,761)
Total non-operating revenues (expenses)	<u>2,247,281</u>	<u>(15,761)</u>	<u>2,231,520</u>
Change in net position	2,692,665	(971,836)	1,720,829
Net Position:			
Beginning of year - July 1	<u>24,554,921</u>	<u>3,393,522</u>	<u>27,948,443</u>
End of year - June 30	<u>\$ 27,247,586</u>	<u>\$ 2,421,686</u>	<u>\$ 29,669,272</u>

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	Business-Type Activities Enterprise Funds		
	Electric Fund	Huntersville	
		Family Fitness and Aquatics Fund	Total
Cash Flows from Operating Activities:			
Cash received from customers	\$ 20,632,870	\$ 1,598,301	\$ 22,231,171
Cash paid to employees	(1,268,614)	(43,256)	(1,311,870)
Cash paid for goods and services	(18,306,320)	(3,378,738)	(21,685,058)
Other operating revenues	762,964	1,434,373	2,197,337
Net cash provided (used) by operating activities	<u>1,820,900</u>	<u>(389,320)</u>	<u>1,431,580</u>
Cash Flows from Non-Operating Activities:			
NCMPA Rebate	<u>2,207,166</u>	<u>-</u>	<u>2,207,166</u>
Cash Flows from Capital and Related Financing Activities:			
Acquisition and construction of capital assets	(2,152,370)	(131,171)	(2,283,541)
Principal payments on long-term debt	-	(131,140)	(131,140)
Interest payments on long-term debt	-	(16,651)	(16,651)
Net cash provided (used) by capital and related financing activities	<u>(2,152,370)</u>	<u>(278,962)</u>	<u>(2,431,332)</u>
Cash Flows from Investing Activities:			
Interest on investments	<u>40,115</u>	<u>-</u>	<u>40,115</u>
Net increase (decrease) in cash and cash equivalents	1,915,811	(668,282)	1,247,529
Cash and Cash Equivalents:			
Beginning of year - July 1	<u>2,430,127</u>	<u>670,271</u>	<u>3,100,398</u>
End of year - June 30	<u>\$ 4,345,938</u>	<u>\$ 1,989</u>	<u>\$ 4,347,927</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) By Operating Activities:			
Operating income (loss)	<u>\$ 445,384</u>	<u>\$ (956,075)</u>	<u>\$ (510,691)</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	1,201,701	629,090	1,830,791
Amortization of bond premium	-	(7,584)	(7,584)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	165,499	40,810	206,309
(Increase) decrease in due from other governments	38,400	-	38,400
(Increase) decrease in inventories	(20,341)	-	(20,341)
(Increase) decrease in prepaid items	-	21	21
Increase (decrease) in accounts payable and accrued liabilities	(35,901)	(95,582)	(131,483)
Increase (decrease) in customer deposits	26,158	-	26,158
Total adjustments	<u>1,375,516</u>	<u>566,755</u>	<u>1,942,271</u>
Net cash provided (used) by operating activities	<u>\$ 1,820,900</u>	<u>\$ (389,320)</u>	<u>\$ 1,431,580</u>

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

The Town is a municipal corporation that is governed by an elected Mayor and a six-member Board of Commissioners. The financial statements of the Town have been prepared in conformity with generally accepted accounting principles as applied to governmental units.

B. Basis of Presentation

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

The Statement of Activities presents a comparison between direct expenses and program revenues for the different business-type activities of the Town and 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. Indirect expense allocations that have been made in the funds have been reversed for the statement of activities. Program revenues include (a) fees and charges paid by the recipients of goods or services offered by the programs, and (b) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

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

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The Town reports the following major governmental funds:

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 required to be accounted for in another fund. The primary revenue sources are ad valorem taxes, intergovernmental revenues, and other taxes and licenses. The primary expenditures are for public safety, public works, cultural and recreation, and general governmental services.

Grants Special Revenue Fund. The Grants Special Revenue Fund is legally restricted to expenditures for specified purposes. These funds are grant monies to be used for specific purposes.

Bond Fund 2020 Capital Project Fund. The Bond Fund 2020 Capital Project Fund is used to account for the for the transportation projects in the Town which include the purchase of right of way, design and engineering of transportation projects including construction of roadways, curb and gutter and streetscapes.

The Town reports the following nonmajor governmental funds:

Capital Projects Funds. The Capital Projects Funds account for financial resources to be used for the acquisition and construction of major capital facilities (other than those financed by the proprietary funds). The Town has four capital projects funds: a General Capital Projects Fund and three individual funds to account for capital projects funded by bond proceeds. The individual bond funds are Bond Fund 2008, Bond Fund 2013, and Bond Fund 2016.

Special Revenue Funds. The Special Revenue Funds account for collections of revenues to be used only for a specific project or purpose. The Town has three special revenue funds. The Transportation Reserve Fund is used to account for the yearly vehicle fees used to fund transportation improvements and debt service on the improvements. The Land Development Fund is used to account for revenues and expenses associated with permits and fees related to development services. The Commerce Station Fund is used to account for the related taxes and revenues of the regional business park to be used for costs and operations of the park.

The Town reports the following major enterprise funds:

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

Huntersville Family Fitness and Aquatics Fund. This fund is used to account for the Town's fitness and aquatics center.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

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

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

The Town considers all revenues available if they are collected within 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. 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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

behalf of all municipalities and special tax districts. Property taxes are due when vehicles are registered. The billed taxes are applicable to the fiscal year in which they are received. Uncollected taxes that were billed in periods prior to September 1, 2013 and for limited registration plates are shown as a receivable in these financial statements and are offset by deferred inflows of resources.

Sales taxes and certain intergovernmental revenues, such as the utilities franchise tax, collected and held by the state at year-end on behalf of the Town are recognized as revenue. Sales taxes are considered a shared revenue for the Town 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 is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then by general revenues.

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the special revenue funds, and the enterprise funds. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the capital projects funds. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the functional level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total revenues of any kind or that change functional appropriations. These amendments must also be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget that covers that time until the annual ordinance can be adopted.

As required by state law [G.S. 159-26(d)], the Town maintains encumbrance accounts which are considered to be "Budgetary Accounts". Encumbrances outstanding at year-end represent the estimated amounts of the expenditures ultimately to result if unperformed contracts in progress at year-end are completed.

During the fiscal year, the Town's General Fund and other governmental funds are operated and managed on a budgetary basis that differs from the modified accrual basis of accounting that is used to prepare governmental fund financial statements. The differences between the budgetary basis and fund financial statements are due to debt service payments budgeted within specific departments, the recognition of encumbrances on the budgetary basis, and capital lease obligations incurred.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Deposits and Investments

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

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 generally reported at fair value. The NCCMT Government Portfolio, a SEC-registered (2a-7) money market mutual fund, is measured at fair value. The NCCMT- Term Portfolio is bond fund, has no rating and is measured at fair value. As of June 30, 2020, the Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented with a maturity of less 6 months.

In accordance with state law, the Town has invested in securities which are callable, and provide for periodic interest rate increases in specific increments until maturity. These investments are reported at fair value as determined by quoted market prices.

Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income and considers all cash and investments to be cash and cash equivalents.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Restricted Cash

Powell Bill Funds are classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S 136-41.1 through 136-41.4. Powell Bill funds are \$3,651,904 at June 30, 2020. Cash for future capital projects in general government, transportation/town center operations, public works and cultural and recreation totaling \$26,299,900 is restricted. Customer deposits of \$287,499, held by the Town before any services are supplied, are restricted to the service for which the deposit was collected.

Governmental Activities:

General government	\$ 736,588
Public works	26,498,062
Cultural and recreation	<u>2,717,154</u>
Total governmental activities	<u>29,951,804</u>

Business-Type Activities:

Electric Fund:	
Customer deposits	<u>287,499</u>
Total business-type activities	<u>287,499</u>

Total restricted cash	<u>\$ 30,239,303</u>
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Restricted assets of \$25,626,923 at June 30, 2020, include unexpended bond proceeds of \$18,086,244 to be used for capital projects, \$4,088,711 to be used for stormwater projects, occupancy tax balance of \$2,715,380, \$57,064 for improvements at Bud Henderson, \$233,314 for improvements to Northcross Drive, EPCON \$17,404, Greenway/Holbrooks \$25,000, \$109,650 for Bond Administration, NCCMT \$138,540 and \$155,616 for the construction of sidewalks and/or bike lane at Stephens Ridge.

Powell Bill funds classified as restricted assets are \$3,651,904. Restricted assets are \$287,499 for customer deposits within the Electric Fund. Rent deposits classified as restricted assets are \$1,774.

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 6. These taxes are based on the assessed values as of January 1, 2019. Mecklenburg County and the Town of Huntersville do not allow discounts on ad valorem taxes on property.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated based on historical experience and current conditions.

Inventories and Prepaid Items

Inventories of the Town are valued at cost. The cost of these inventories is recorded as an expense as the inventories are consumed.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements and expensed as the items are used.

Capital Assets

Capital assets are defined by the Town 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 cost used by the Town is \$5,000. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost. General infrastructure assets acquired prior to July 1, 2002, consisting of roads, sidewalks, and curb and gutter are included in the accompanying June 30, 2020 financial statements. Infrastructure assets that were acquired or that received substantial improvements subsequent to July 1, 2002 are reported at cost or estimated fair value at time of donation. 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, including assets recorded under capital leases, are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Estimated Useful Lives</u>
Streets and roads	30 years
Buildings	40 years
Land improvements	15 years
Vehicles	5 years
Furniture and equipment	5 to 8 years
Computer equipment	3 years

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position may sometimes report a separate section for deferred outflow of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as revenue or expenditure until then. The Town has two items that meet this criterion, pension and OPEB deferrals and deferred charge related to refunding. In addition to liabilities, the Statement of Net Position may also report a separate section for deferred inflows of resources. This separate financial statement element, *Deferred Inflows of Resources*, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet this criterion, advances from grantor, deferral of DARE revenue, prepaid taxes, prepaid donations, deferral of pension expense, OPEB deferrals, unavailable revenue, solid waste receivable, and taxes receivable.

Long-Term Obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or discounts. Bond issuance costs, except prepaid insurance costs, are expensed in the reporting period in which they are incurred. Prepaid insurance cost is 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.

Compensated Absences

The vacation policy of the Town provides for the limited accumulation of earned vacation leave (amount allowed to be accumulated is limited to 240 hours with such leave being fully vested when earned. For the Town's government-wide and proprietary funds, an expense and liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a last-in, first-out method of using accumulated compensation time. The portion of that time that is estimated to be used in the next fiscal year is considered a current liability and has been reported in the government-wide financial statements.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The Town's sick leave policy provides for an unlimited accumulation of earned sick leave. Accumulated sick leave at June 30, 2020, amounted to approximately \$3,023,796. 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 has no obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

Net Position

Net position in the government-wide and proprietary fund financial statements are classified as net investment in capital assets; restricted and unrestricted. Restricted net position represent constraints on resources that are either externally imposed by creditors, grantors, contributors, the 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:

Non-Spendable Fund Balance

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

Prepays – portion of fund balance that is not an available resource because it represents the year-end balance of prepaid items, which are not spendable resources.

Restricted Fund Balance

This classification includes amounts that are restricted to specific purposes externally imposed by creditors or imposed by state 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*

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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.

Restricted for Streets - Powell Bill – portion of fund balance that is available for appropriation, but legally segregated for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds less amounts to be paid from restricted assets.

Restricted for Future Capital Projects – portion of fund balance restricted by revenue source for future capital projects.

Restricted for Occupancy Tax – portion of fund balance derived from hotel/motel tax legally restricted.

Restricted for Stormwater Projects – portion of fund balance restricted by revenue source for future stormwater projects.

Restricted net position on Exhibit 1 varies from restricted fund balance on Exhibit 3 by the amount of unspent debt proceeds of \$18,086,244, as of June 30, 2020.

Restricted Fund Balance for Streets, Occupancy Tax, and Stormwater varies by amounts to be paid from restricted assets and amounts restricted by stabilization of state statutes for restricted purposes.

Committed Fund Balance

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

Committed for Debt Service – portion of fund balance committed for debt service.

Committed for Capital Projects – portion of fund balance committed for capital projects.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Assigned Fund Balance

Assigned fund balance is the portion of fund balance that the Town intends to use for specific purposes. The Town's governing body has the authority to assign fund balance. The Town Manager and Finance Officer, as granted in the officially adopted budget ordinance, have been granted limited authority to assign fund balance.

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 (Council) approves the appropriation; however, the budget ordinance authorizes the Manager and Finance Officer to make certain modifications without requiring Board approval.

Assigned for Emergency Services – portion of fund balance that has been budgeted by the Board for activities related to emergency service projects.

Assigned for Transportation – portion of fund balance that has been budgeted by the Board for activities related to transportation projects.

Assigned for Land Development – portion of fund balance that has been budgeted by the Board for activities related to land development services.

Assigned for Commerce Station – portion of fund balance that has been budgeted by the Board for activities related to the regional business park for costs and operations.

Unassigned Fund Balance

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

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

The Town has also adopted a minimum fund balance policy for the General Fund, which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 45% of the general operating budget, excluding the Hotel-Prepared Food Fund, Powell Bill Fund, and Stormwater Fund. Funds in excess of 45% of the current year original budget appropriation shall be earmarked for capital reserve purposes.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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	\$ 60,090,297
Less:	
Prepays	38,450
Stabilization by state statute	13,343,758
Total available fund balance	\$ 46,708,089

The outstanding encumbrances are amounts needed to pay any commitments related to purchase orders and contracts that remain unperformed at year-end.

	General Fund	Bond Fund 2013	Bond Fund 2016	Bond Fund 2020	Land Development Fund	Electric Fund	Transportation Reserve Fund
Encumbrances	\$ 4,596,173	\$ 212,597	\$ 67,856	\$ 522,044	\$ 105	\$ 1,053,669	\$ 279,644

F. Revenues, Expenditures, and Expenses

Payments in Lieu of Annexation

During 1996 and 2000, the Town entered into agreements with Duke Energy. The agreements provide that the Town will not annex Duke Energy's McGuire Nuclear Station property until December 31, 2042, and Duke Energy agreed to make payments in lieu of annexation. The payments, which were in lieu of the taxes that would be due the Town if the McGuire Nuclear Station property had been annexed, continued through fiscal year 2004.

G. Uses of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates. Significant areas where estimates are made are: allowance for doubtful accounts and depreciation lives.

H. Defined Benefit Cost – Sharing Plan

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

2. Detail Notes on All Funds

A. Assets

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 agents in its name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in its name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards on 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, 2020, the Town's deposits had a carrying amount of \$6,916,906 and a bank balance of \$7,746,534. Of the bank balance, approximately \$750,000 was covered by federal depository insurance, and the remaining amount was covered by collateral held under the Pooling Method. The Town utilizes a government advantage account at the end of each month, a net balance is calculated, and interest is applied. At year-end, the Town had \$1,450 cash on hand.

Investments

At June 30, 2020, the Town's investments were as follows:

	<u>Valuation Measurement Method</u>	<u>Book Value at 6/30/2020</u>	<u>Maturity</u>	<u>Rating</u>
North Carolina Capital Management - Government Portfolio	Fair Value Level 1	\$ 54,903,198	N/A	AAAm
North Carolina Capital Management - Term Portfolio	Fair Value Level 1	<u>22,202,359</u>	.15 years ^a	Unrated
Total		<u>\$ 77,105,557</u>		

^a This is the duration for the Term Portfolio.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Interest Rate Risk. As a means of limiting the Town's exposure to fair value losses arising from rising interest rates, the Town investment policy recommends diversification by investing in securities with varying maturities. Also, the Town continuously invests a portion of its portfolio in readily available funds such as a mutual fund for local government investment certified by the Local Government Commission pursuant to G.S. 159-30(c)(8), currently The North Carolina Capital Management Trust.

Credit risk. The Town has a formal policy regarding credit risk which states that the Town limits investments to avoid over-concentration in securities from a specific issuer or business sector (excluding U.S. Treasury securities) and limit investment in securities that have higher credit risk. 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, 2020. The Town's investment in NC Capital Management 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.

Concentration of Credit Risk. The Town places a limit for commercial paper that is no more than 5% of the Town's total investment portfolio may be concentrated with one issuer and issuers with at least one long-term rating are preferred.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Receivables

Receivables at the government-wide level at June 30, 2020 were as follows:

	<u>Taxes</u>	<u>Accounts</u>	<u>Due from Other Governments</u>	<u>Total</u>
Governmental Activities:				
Total receivables	\$ 366,098	\$ 2,031,728	\$ 2,864,736	\$ 5,262,562
Allowance for doubtful accounts	<u>(262,963)</u>	<u>(58,135)</u>	<u>-</u>	<u>(321,098)</u>
Total governmental activities	<u>\$ 103,135</u>	<u>\$ 1,973,593</u>	<u>\$ 2,864,736</u>	<u>\$ 4,941,464</u>
Business-Type Activities:				
Electric Fund	\$ -	\$ 2,299,432	\$ 71,960	\$ 2,371,392
Family Fitness and Aquatics Fund	<u>-</u>	<u>27,955</u>	<u>-</u>	<u>27,955</u>
Total receivables	-	2,327,387	71,960	2,399,347
Allowance for doubtful accounts	<u>-</u>	<u>(56,428)</u>	<u>-</u>	<u>(56,428)</u>
Total business-type activities	<u>\$ -</u>	<u>\$ 2,270,959</u>	<u>\$ 71,960</u>	<u>\$ 2,342,919</u>

Due from other governments that is owed to the Town consists of the following:

Governmental Activities:	
Local option sales tax	\$ 1,375,412
Utilities franchise tax	550,000
All other (sales tax, County tax collections, etc.)	<u>939,324</u>
	2,864,736
Business-Type Activities:	
Sales tax	<u>71,960</u>
Total	<u>\$ 2,936,696</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Capital Assets

Capital asset activity for the fiscal year ended June 30, 2020 was as follows:

	<u>Balance</u>			<u>Adjustments/</u>	<u>Balance</u>
	<u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2020</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 25,946,692	\$ 870,009	\$ (171,000)	\$ -	\$ 26,645,701
Construction in progress	<u>3,883,806</u>	<u>1,869,046</u>	<u>-</u>	<u>(2,055,211)</u>	<u>3,697,641</u>
Total non-depreciable capital assets	<u>29,830,498</u>	<u>2,739,055</u>	<u>(171,000)</u>	<u>(2,055,211)</u>	<u>30,343,342</u>
Depreciable Capital Assets:					
Land improvements	10,288,007	10,532	-	-	10,298,539
Buildings	35,081,366	437,302	-	-	35,518,668
Vehicles	8,826,121	658,241	(660,975)	-	8,823,387
Equipment	4,998,768	243,467	(17,990)	-	5,224,245
Software	238,097	22,957	-	-	261,054
Road network	<u>72,165,688</u>	<u>2,026,613</u>	<u>-</u>	<u>2,055,211</u>	<u>76,247,512</u>
Total depreciable capital assets	<u>131,598,047</u>	<u>3,399,112</u>	<u>(678,965)</u>	<u>2,055,211</u>	<u>136,373,405</u>
Less Accumulated Depreciation:					
Land improvements	4,913,506	686,219	-	-	5,599,725
Buildings	7,441,813	882,500	-	-	8,324,313
Vehicles	7,285,232	669,472	(660,975)	-	7,293,729
Equipment	3,814,425	275,428	-	-	4,089,853
Software	164,220	33,377	-	-	197,597
Road network	<u>30,159,373</u>	<u>2,392,114</u>	<u>-</u>	<u>-</u>	<u>32,551,487</u>
Total accumulated depreciation	<u>53,778,569</u>	<u>4,939,110</u>	<u>(660,975)</u>	<u>-</u>	<u>58,056,704</u>
Total depreciable capital assets, net	<u>77,819,478</u>	<u>(1,539,998)</u>	<u>(17,990)</u>	<u>2,055,211</u>	<u>78,316,701</u>
Governmental activities capital assets, net	<u>\$ 107,649,976</u>	<u>\$ 1,199,057</u>	<u>\$ (188,990)</u>	<u>\$ -</u>	<u>\$ 108,660,043</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

	Balance July 1, 2019	Increases	Decreases	Balance June 30, 2020
Business-Type Activities:				
Electric Fund:				
Non-Depreciable Capital Assets:				
Land	\$ 413,771	\$ -	\$ -	\$ 413,771
Depreciable Capital Assets:				
Buildings	153,325	-	-	153,325
Substations, lines, and related equipment	32,982,410	2,152,370	-	35,134,780
Vehicles	721,905	-	-	721,905
Land improvements	24,628	-	-	24,628
Furniture and maintenance equipment	426,685	-	-	426,685
Total depreciable capital assets	<u>34,308,953</u>	<u>2,152,370</u>	<u>-</u>	<u>36,461,323</u>
Less Accumulated Depreciation:				
Buildings	75,770	-	-	75,770
Substations, lines, and related equipment	12,193,599	1,111,407	-	13,305,006
Vehicles	363,787	88,652	-	452,439
Land improvements	10,625	1,642	-	12,267
Furniture and maintenance equipment	426,685	-	-	426,685
Total accumulated depreciation	<u>13,070,466</u>	<u>1,201,701</u>	<u>-</u>	<u>14,272,167</u>
Total depreciable capital assets, net	<u>21,238,487</u>	<u>950,669</u>	<u>-</u>	<u>22,189,156</u>
Electric Fund capital assets, net	<u>21,652,258</u>	<u>950,669</u>	<u>-</u>	<u>22,602,927</u>
Huntersville Family Fitness and Aquatics (HFFA):				
Depreciable Capital Assets:				
Buildings	10,801,099	-	-	10,801,099
Computers	7,207	-	-	7,207
Equipment	3,642,835	131,171	-	3,774,006
Software	92,824	-	-	92,824
Total depreciable capital assets	<u>14,543,965</u>	<u>131,171</u>	<u>-</u>	<u>14,675,136</u>
Less Accumulated Depreciation:				
Buildings	4,253,260	270,027	-	4,523,287
Computers	7,207	-	-	7,207
Equipment	2,077,757	359,063	-	2,436,820
Software	92,824	-	-	92,824
Total accumulated depreciation	<u>6,431,048</u>	<u>629,090</u>	<u>-</u>	<u>7,060,138</u>
Total depreciable capital assets, net	<u>8,112,917</u>	<u>(497,919)</u>	<u>-</u>	<u>7,614,998</u>
HFFA Fund capital assets, net	<u>8,112,917</u>	<u>(497,919)</u>	<u>-</u>	<u>7,614,998</u>
Business-type activities capital assets, net	<u>\$ 29,765,175</u>	<u>\$ 452,750</u>	<u>\$ -</u>	<u>\$ 30,217,925</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Depreciation expense was charged to functions/programs as follows:

Governmental Activities:	
General government	\$ 639,534
Public safety	915,799
Transportation	2,394,673
Public works	195,911
Cultural and recreation	783,264
Planning	<u>9,929</u>
Total	<u><u>\$ 4,939,110</u></u>
 Business-Type Activities:	
Electric Fund	\$ 1,201,701
Huntersville Family Fitness and Aquatics Fund	<u>629,090</u>
Total	<u><u>\$ 1,830,791</u></u>

Net Investment in Capital Assets

The total net investment in capital assets, at June 30, 2020, is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 108,660,043	\$ 30,217,925
Long-term debt	(48,950,064)	(355,336)
Deferred outflows	129,990	-
Unexpended bond proceeds	<u>18,086,244</u>	<u>-</u>
Net investment in capital assets	<u><u>\$ 77,926,213</u></u>	<u><u>\$ 29,862,589</u></u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

B. Liabilities

Payables

Payables at the government-wide level at June 30, 2020 were as follows:

	<u>Vendors</u>	<u>Salaries and Benefits</u>	<u>Accrued Interest</u>	<u>Total</u>
Governmental Activities:				
General	\$ 3,076,517	\$ 708,640	\$ 396,426	\$ 4,181,583
Total	<u>\$ 3,076,517</u>	<u>\$ 708,640</u>	<u>\$ 396,426</u>	<u>\$ 4,181,583</u>
Business-Type Activities:				
Electric Fund	\$ 1,907,955	\$ -	\$ -	\$ 1,907,955
Huntersville Family Fitness and Aquatics Fund	120,171	5,645	1,295	127,111
Total	<u>\$ 2,028,126</u>	<u>\$ 5,645</u>	<u>\$ 1,295</u>	<u>\$ 2,035,066</u>

Pension Plan Obligations

Local Governmental Employees' Retirement System

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

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members who are killed in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town of Huntersville 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 Huntersville's contractually required contribution rate for the year ended June 30, 2020, was 8.95% of compensation for law enforcement officers and 9.70% 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 Huntersville were \$1,076,515 for the year ended June 30, 2020.

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

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

At June 30, 2020 the Town reported a liability of \$4,769,828 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Town's proportion was 0.1747%, which was an increase of 0.0047% from its proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$2,076,038. At June 30, 2020, 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	\$ 816,715	\$ -
Changes of assumptions	777,403	-
Net difference between projected and actual earnings on pension plan investments	116,343	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	11,617	101,646
Town contributions subsequent to the measurement date	1,076,515	-
Total	\$ 2,798,593	\$ 101,646

\$1,076,515 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ 809,555
2022	231,251
2023	444,564
2024	135,062
2025	-
Thereafter	-
Total	\$ 1,620,432

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Inflation	3.0 percent
Salary increase	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.0 percent, net of pension plan investment expense, including inflation

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

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

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

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2019 are summarized in the following table:

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

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

Sensitivity of the Town’s Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Town’s proportionate share of the net pension liability calculated using the discount rate of 7.00 percent, as well as what the Town’s proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.00 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)	\$ 10,909,470	\$ 4,769,828	\$ (333,457)

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

Law Enforcement Officers’ Special Separation Allowance

Plan Description. The Town of Huntersville administers a public employee retirement system (the “Separation Allowance”), a single-employer defined benefit pension plan that provides retirement benefits to the Town’s qualified sworn law enforcement officers under the age of 62 who have completed at least 30 years of creditable service or have attained 55 years of age and have completed five or more years of creditable service. The Separation Allowance is equal to 0.85 percent of the annual equivalent of the base rate of compensation most recently applicable to the officer for each year of creditable service. The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of G.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	2
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>92</u>
Total	<u><u>94</u></u>

A separate report was not issued for the Plan.

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 GASB Statements 73.

Actuarial Assumptions

The entry age normal actuarial cost method was used in the December 31, 2018 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.26 percent

The discount rate used to measure the total pension liability is the S&P Municipal Bond 20-Year High Grade Rate Index.

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

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

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay-as-you-go basis through appropriations made in the General Fund operation budget. There were no contributions made by the 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 \$26,799 as benefits came due for the reporting period.

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

At June 30, 2020, the Town reported a total pension liability of \$2,965,090. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$312,047.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 301,938	\$ 28,757
Changes of assumptions	192,838	113,269
Town benefit payments and plan administrative expense made subsequent to the measurement date	6,259	-
Total	<u>\$ 501,035</u>	<u>\$ 142,026</u>

\$6,259 reported as deferred outflows of resources related to pensions resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2021	\$ 62,048
2022	62,048
2023	62,048
2024	66,315
2025	54,646
Thereafter	45,645
Total	<u>\$ 352,750</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

\$5,803 paid as benefits came due and \$456 of administrative expenses subsequent to the measurement date are reported as deferred outflows of resources.

Sensitivity of the Town's Total Pension Liability to Changes in the Discount Rate. The following presents the Town's total pension liability calculated using the discount rate of 3.26 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 (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 3,274,646	\$ 2,965,090	\$ 2,683,249

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

	2020
Beginning balance	\$ 2,312,062
Service cost	164,777
Interest on the total pension liability	83,671
Changes of assumptions and other inputs	110,286
Differences between expected and actual experience in the measurement of the total pension liability	321,093
Benefit payments	(26,799)
Net changes	653,028
Ending balance of the total pension liability	\$ 2,965,090

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, 2018 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

The net pension liability for LGERS was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability for LEOSSA was measured as of December 31, 2019, with an actuarial valuation date of December 31, 2018. The Town's proportion of the net pension liability was based on the Town's share of contributions to the pension plan relative to the contribution of all participating entities. Following is information related to the proportionate share and pension expense:

	LGERS	LEOSSA	Total
Proportionate share of net pension liability (asset)	\$ 4,769,828	\$ -	\$ 4,769,828
Proportion of the net pension liability (asset)	0.1747%	NA	-
Total pension liability	-	2,965,090	2,965,090
Pension expense	2,076,038	312,047	2,388,085

At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	LGERS	LEOSSA	Total
Deferred Outflows of Resources:			
Differences between expected and actual experience	\$ 816,715	\$ 301,938	\$ 1,118,653
Changes of assumptions	777,403	192,838	970,241
Net difference between projected and actual earnings on pension plan investments	116,343	-	116,343
Changes in proportion and differences between Town contributions and proportionate share of contributions	11,617	-	11,617
Town contributions (LGERS) and benefit payments and administration costs (LEOSSA) subsequent to the measurement date	1,076,515	6,259	1,082,774
	\$ 2,798,593	\$ 501,035	\$ 3,299,628
Deferred Inflows of Resources:			
Differences between expected and actual experience	\$ -	\$ 28,757	\$ 28,757
Changes of assumptions	-	113,269	113,269
Changes in proportion and differences between Town contributions and proportionate share of contributions	101,646	-	101,646
	\$ 101,646	\$ 142,026	\$ 243,672

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Supplemental Retirement Income Plan for Law Enforcement Officers

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

Funding Policy. Article 12E of G.S. Chapter 143 requires the City to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. The law enforcement officers may also make voluntary contributions to the plan.

The Town made contributions of \$573,225 for the reporting year. No amounts were forfeited.

Other Post-Employment Benefits

The Town administers a single employer defined benefit healthcare plan. The Town pays the full cost of coverage for employees' benefits through private insurers and employees have the option of purchasing dependent coverage at the Town's group rates. The Town provides post-employment healthcare benefits to retirees of the Town, provided they meet the following criteria. The retiree must have at least 25 years of creditable service with the Town. The Town pays the full cost of coverage for these benefits until Medicare coverage begins. Retirees who qualify for coverage receive the same benefits as active employees.

The Town does not offer retirees' dependent coverage. At June 30, 2020, no employees had received benefits under this arrangement, and the Town made no contributions during the year June 30, 2020. The Town Commissioners may amend the benefit provisions. A separate report was not issued for the plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Membership of the post-employment health benefit plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

Retirees and dependents receiving benefits	-
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>161</u>
Total	<u><u>161</u></u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Funding Policy. The Town agrees to provide medical insurance to certain retired employees as an extended benefit. Eligible retirees who elect this coverage will be enrolled in the group health plan. For members that retire with at least 25 years of service or that retire with approved disability retirement, the Town pays 100% of the cost for pre-65 healthcare coverage for the retiree. Years of service are considered years of creditable service with the Town. Retirees will cease to be eligible for group health insurance at age 65. The Town has chosen to fund the healthcare benefits on a pay-as-you-go basis.

Total OPEB Liability

The Town's total OPEB liability of \$2,661,247 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50 percent
Real wage growth	1.00 percent
Salary increases	
General employees	3.50%-7.75%, including wage inflation
Law enforcement officers	3.50%-7.35%, including wage inflation
Discount rate	3.50 percent
Municipal Bond index rate	
Prior measurement date	3.89 percent
Measurement date	3.50 percent
Healthcare cost trend rates	Pre-Medicare - 7.25% for 2018 decreasing to an ultimate rate of 4.75% by 2028

The discount rate is based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by The Bond Buyer.

Changes in the Total OPEB Liability

Balance at July 1, 2019	<u>\$ 2,252,633</u>
Changes for the year:	
Service cost	182,162
Interest	87,627
Changes of assumptions or other inputs	<u>138,825</u>
Net changes	<u>408,614</u>
Balance at June 30, 2020	<u>\$ 2,661,247</u>

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.89% to 3.50%.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increases used in the June 30, 2018 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, 2018 valuation were based on a review of recent plan experience done concurrently with the June 30, 2018 valuation.

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 (2.50 percent) or 1-percentage-point higher (4.50 percent) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 3,051,321	\$ 2,661,247	\$ 2,319,255

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:

	1% Decrease	Current	1% Increase
Total OPEB liability	\$ 2,202,445	\$ 2,661,247	\$ 3,226,108

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$245,998. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 201,568
Changes of assumptions	138,386	138,001
Total	\$ 138,386	\$ 339,569

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ending June 30</u>	<u>Amount</u>
2021	\$ (23,791)
2022	(23,791)
2023	(23,791)
2024	(23,791)
2025	(23,791)
Thereafter	<u>(82,228)</u>
Total	<u>\$ (201,183)</u>

Deferred Compensation Plans

The Town sponsors a deferred compensation plan administered by the United States Conference of Mayors. All full-time employees of the Town are eligible to participate in the plan. The Town did not contribute to this plan during the year ended June 30, 2020.

The Town also participates in a deferred compensation plan administered by the International City Management Association Retirement Corporation (ICMA Retirement). All Town personnel can participate in the plan. The Town had zero participant at June 30, 2020. The Town contributes up to 5% of salary, with such percentage varying dependent upon participation in the Town's 401(k) plan. During the year ended June 30, 2020, the Town contributed \$-0- to this plan.

Death Benefits

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

The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll, based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

In addition to the above state-administered plan for death benefits, the Town has elected to provide death benefits to all full-time employees through private insurance. The beneficiaries of those employees who die in active service after being employed for 30 days are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to twice the annual salary, not to exceed \$200,000, of the employee. All death benefit payments are made by the insurance provider of the policies. The Town has no liability beyond the payment of monthly premiums for the insurance policies. The Town paid \$38,393 for premiums under the above insurance policies for the year ended June 30, 2020.

Deferred Outflows and Inflows of Resources

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

Charge on refunding	\$	129,990
OPEB deferrals		138,386
Pension deferrals		3,299,628
Total	\$	<u>3,568,004</u>

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

Governmental Funds:

Taxes receivable (General Fund)	\$	103,135
Solid waste receivable		2,856
Advances from grantor		1,460,076
Unavailable revenues		1,456,242
DARE revenue		11,968
Prepaid taxes		9,777
Prepaid donations		23,427
OPEB deferrals		339,569
Pension deferrals		243,672
Total	\$	<u>3,650,722</u>

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town has purchased multiple lines of coverage from The Travelers Insurance Company as well as other carriers. For information concerning our insurance coverage, you can contact our agent, Parks Insurance Group in Huntersville, NC. Through Travelers and other insurance carriers, the Town purchases Liability, Property, Vehicle, Flood and Workers' Compensation coverage. The Town also purchases a fully funded Group Health through United Healthcare. The policies are audited annually by certified public accountants, and the audited financial statements are available to the Town upon request.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

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

The Town does not maintain flood insurance.

In accordance with G.S. 159-29, the Finance Officer is bonded for \$50,000. Town employees that have access to \$100 or more at any given time of the Town's funds are covered under the Employee Dishonesty policy is up to \$10,000 with \$500 deductible.

Long-Term Obligations

All bonds and notes, except those of the Electric Fund, are collateralized by the faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Direct Placement Installment Purchase: Serviced by the General Fund:

First Community Bank:

Note payable in 20 annual installments of \$290,000, plus interest of 2.95% with final maturity in the year 2032; secured by the deed of trust on real property which the Public Safety Facility will be located in the Town, and all improvements and fixtures located thereon

\$ 3,770,000

Total direct placement installment purchase serviced by General Fund

\$ 3,770,000

The Town's outstanding notes from direct placement related to governmental activities of \$3,770,000 is secured with collateral of the public safety building and the equipment and fixtures of the building, listed in the commercial security agreement. This borrowing contains provisions that an event of default the bank may exercise one or more of the following remedies (a) declare the unpaid principal due and payable; (b) court action to enforce performance by the Town of the applicable covenants of the contract or recover for any breach thereof; (c) exercise or direct the trustee to exercise all rights and remedies of a secured party or creditor with respect to the enforcement of the security interest granted or reserved under the Deed of Trust; (d) enforce its security interest or direct the trustee to institute foreclosure proceedings.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

General Obligation Bonds:

The Town has issued general obligation bonds to provide for the costs incurred in connection with acquisition or construction of major capital facilities and the purchase of the other major capital items relating to parks and recreation facilities and other Town services.

Interest rates on these general obligation bonds outstanding of 1.95%, with final maturity in the year 2024.

\$ 992,000

The Town issued general obligation bonds to provide for the capital costs of construction, reconstructing, enlarging, extending, and improving certain streets, including streets and roads, constituting a part of the State highway system. Interest rates on these general obligation bonds outstanding from 3.95% to 5.40%, with final maturity in the year 2030.

3,975,000

The Town issued general obligation bonds to provide for the capital incurred in connection with acquisition or construction of major capital facilities and the purchase of the other major capital items relating to parks and recreation facilities and other Town services. \$7,190,000 is serviced by the General Fund, and \$470,000 is serviced by the Huntersville Family Fitness and Aquatics Fund. Interest rates on these general obligation bonds outstanding from 3% to 4%, with a final maturity in the year 2033.

5,485,000

The Town issued general obligation bonds to provide for the capital incurred in connection with construction of major capital facilities, and purchase of the other major capital items relating to parks and recreation facilities. Also provide for the capital costs of constructing, reconstructing, enlarging, extending, and improving certain streets, including streets and roads in the Town. Interest rates on these general obligation bonds outstanding from 2% to 4%, with a final maturity in the year 2036.

6,945,000

The Town issued general obligation bonds to provide for the capital costs of constructing, reconstructing, enlarging, extending, and improving certain streets, including streets and roads, constituting a part of the State highway system. Interest rate on these general obligation bonds outstanding is 2%, with final maturity June 1, 2028.

2,285,000

The Town issued general obligation bonds to provide for the capital cost of street improvements and public improvements of the Town. Interest rate on these general obligation bonds outstanding is 1.73% (all in true interest costs) with final maturity June 1, 2040.

15,560,000

Total general obligation bonds

35,242,000

Total notes payable and general obligation bonds

\$ 39,012,000

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

The Town's outstanding general obligation bonds from direct placement related to governmental activities is \$992,000. The Town pledges its full faith and credit for this bond. In the event of default, the bondholder could force the Town to pay the balance by using any available funds or raise taxes.

The following table summarizes the annual requirements to amortize the above direct placement installment purchase and general obligation bonds:

Governmental Activities:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 290,000	\$ 101,327
2022	290,000	92,953
2023	290,000	84,867
2024	290,000	76,782
2025	290,000	68,895
2026-2030	1,450,000	222,303
2031-2032	870,000	34,935
Total	<u>\$ 3,770,000</u>	<u>\$ 682,062</u>

General Obligation Bonds:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 2,344,000	\$ 1,395,316	\$ 25,000	\$ 10,894	\$ 2,369,000	\$ 1,406,210
2022	2,378,000	1,136,764	25,000	16,144	2,403,000	1,152,908
2023	2,438,000	1,050,631	25,000	9,394	2,463,000	1,060,025
2024	2,467,000	961,192	25,000	8,644	2,492,000	969,836
2025	2,040,000	863,721	25,000	7,894	2,065,000	871,615
2026-2030	11,710,000	2,798,533	125,000	27,651	11,835,000	2,826,184
2031-2035	7,235,000	960,687	75,000	5,937	7,310,000	966,624
2036-2040	4,305,000	247,013	-	-	4,305,000	247,013
Total	<u>\$ 34,917,000</u>	<u>\$ 9,413,857</u>	<u>\$ 325,000</u>	<u>\$ 86,558</u>	<u>\$ 35,242,000</u>	<u>\$ 9,500,415</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Limited Obligation Refunding Bonds

The Town issued limited obligation refunding bonds to provide for the capital incurred in connection with acquisition or construction of major capital facilities and the purchase of the other major capital items relating to parks and recreation facilities and other Town services. \$10,109,280 is serviced by the General Fund, and \$560,720 is serviced by the Huntersville Family Fitness and Aquatics Fund. Interest rates on these general obligation bonds outstanding range from 3% to 5%, with final maturity in the year 2029.

\$ 6,734,994

Total limited obligation bonds

\$ 6,734,994

The following table summarizes the annual requirements to amortize the above limited obligation refunding bonds:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2021	\$ 1,060,000	\$ 308,250
2022	1,050,000	258,500
2023	1,050,000	206,000
2024	1,050,000	153,500
2025	515,000	101,000
2026-2029	2,009,994	200,000
Total	\$ 6,734,994	\$ 1,227,250

Advance Refunding

On March 10, 2020, the Town issued \$3,975,000 General Obligation bonds, Series 2020 to refund Series 2010B General Obligation Street Bonds. As a result, the refunded debt is considered defeased, and the liability has been removed from the governmental activities column of the statement of Net Position. The net proceeds of \$4,769,711 were deposited with an escrow agent to provide funds for the future debt service payment on the refunded bonds. The reacquisition price exceeded the net carrying amount of the debt by \$99,235. The Series 2020 General Obligation Refunding bonds, with payment dates of June 1, will mature June 1, 2030. The 2020 General Obligation Refunding bonds were placed at a true interest cost of 1.03% and an all-in interest cost of 1.19%. The refunding was undertaken to reduce the total debt service payments by \$558,642, a net present value savings of 11.71% of the refunded par amount.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Changes in Long-Term Liabilities:

	<u>Balance</u> <u>July 1, 2019</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>June 30, 2020</u>	<u>Current</u> <u>Portion of</u> <u>Balance</u>
Governmental Activities:					
General obligation bonds	\$ 21,856,000	\$ 19,535,000	\$ 6,474,000	\$ 34,917,000	\$ 2,344,000
Limited obligation bonds	7,828,854	-	1,093,860	6,734,994	1,060,000
Premium on long-term debt	1,116,379	2,989,140	577,449	3,528,070	-
Direct placement installment purchases	4,060,000	-	290,000	3,770,000	290,000
Compensated absences	787,350	984,188	952,517	819,021	819,021
Net pension liability (LGERS)	4,033,930	735,898	-	4,769,828	-
Total pension liability (LEOSSA)	2,312,062	653,028	-	2,965,090	-
Total OPEB liability	2,252,633	408,614	-	2,661,247	-
Total	<u>\$ 44,247,208</u>	<u>\$ 25,305,868</u>	<u>\$ 9,387,826</u>	<u>\$ 60,165,250</u>	<u>\$ 4,513,021</u>
Business-Type Activities:					
Huntersville Family Fitness and Aquatics Fund:					
Limited obligation bonds	\$ 106,140	\$ -	\$ 106,140	\$ -	\$ -
General obligation bonds	350,000	-	25,000	325,000	25,000
Premium on long-term debt	37,920	-	7,584	30,336	-
Total	<u>\$ 494,060</u>	<u>\$ -</u>	<u>\$ 138,724</u>	<u>\$ 355,336</u>	<u>\$ 25,000</u>

Compensated absences, net pension liability and other post-employment benefits are typically liquidated in the General Fund. Compensated absences are accounted for on an FIFO basis.

At June 30, 2020, the Town of Huntersville had a legal debt margin of approximately \$725,927,039.

Interfund Balances and Activity

The composition of interfund balances as of June 30, 2020 was as follows:

	<u>Receivable</u> <u>Fund</u>	<u>Payable</u> <u>Fund</u>
General Fund	\$ 5,882,767	\$ -
Bond Fund 2020	-	447,664
Bond Fund 2016	-	20,117
SRF - Grants Fund	-	673,777
Electric Fund	-	400
Enterprise Fund - Family Fitness and Aquatic Fund	-	4,740,809
Total	<u>\$ 5,882,767</u>	<u>\$ 5,882,767</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Amounts were due to the General Fund primarily for operating and capital outlay purposes.

Transfers To/From Other Funds

Transfers to/from other funds for the year ended June 30, 2020 consist of the following:

From the General Fund (tax receipts Commerce Station Park) to the SRF.	\$ 792,862
From General Fund to special revenue fund for Capital Improvements	3,685
From Capital Projects (Bond Fund 2020) to General Fund to cover operating expenses until bond issued in FY 2020	<u>220,000</u>
Total	<u>\$ 1,016,547</u>

3. Jointly Governed Organization

The Town, in conjunction with 19 other local governments, is a member of the North Carolina Municipal Power Agency #1 (“Agency”). The Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency’s governing board. The 19 members, who receive power from the Agency, have signed power sales agreements to purchase a specified share of the power generated by the Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town’s purchases of power for the fiscal year ended June 30, 2020 were \$16,732,204

4. Joint Activities

Dispatch Service

The Town has entered into an interlocal agreement with the City of Charlotte to participate in a dispatch service owned by the City of Charlotte. Under this agreement, the City of Charlotte provides dispatch service to the Town of Huntersville. The agreement is in effect through June 30, 2022.

The Town makes annual payments to the City of Charlotte for the dispatch service. The total expense for the year ended June 30, 2020 totaled \$309,000.

Electric System

The Town has an agreement with the Town of Cornelius and ElectriCities that provides for ElectriCities to operate and maintain the electric system of each Town, including managing the resources and expenditures of each Town’s electric system, planning, technical assistance, and inventory management. During the years ended June 30, 2020 and 2019, the Town paid ElectriCities \$1,025,880 and \$905,633, respectively, for salaries and wages, employee benefits, and other related costs.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2020

Bryton Project

The Town has an agreement with the County of Mecklenburg, North Carolina, for public improvements known as the Bryton Project and the related debt service financing installments. The Town's share of the debt service is determined by multiplying the debt service paid by the County by a fraction of the numerator of which is the Town's tax rate for the fiscal year in which the debt service is paid and the denominator is the total of the Town's and the County's tax rates for that fiscal year. The duration of this agreement shall be until the all outstanding debt is paid or until the County and Town agree to terminate the agreement. The Developers for the Bryton Project have agreed to pay the difference if the additional tax revenues generated are not sufficient to cover the County's debt service, and to secure that obligation with liens on the development property. Upon completion of the Bryton Project the Town's portion of the debt service payments made to the County will be refunded, over a period of time. During the year ended June 30, 2020 the Town made no payments to the County on the Bryton Project. The County has not billed the Town for any FY2020 expenses incurred.

5. 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 will be immaterial. No provision has been made in the accompanying financial statements for the refund of grant monies.

Commitments

The Town of Huntersville has the following commitments at June 30, 2020.

	<u>Commitment</u>	<u>Spent To-Date</u>	<u>Balance</u>
Gilead Road West	\$ 745,396	\$ 200,603	\$ 544,793
Main Street Upgrades	2,117,989	1,721,445	396,544
Ferebee Asphalt	1,402,350	841,903	560,447
Holbrook Street	97,200	53,400	43,800
Gibson Park Drive	89,100	36,100	53,000
Vance Road	137,075	83,001	54,074
Bradford Park Parking Lot	42,600	32,809	9,791
Ranson Road Widening	94,200	23,619	70,581
Beatties Ford/Hambright	85,500	36,312	49,188
Vertrans Park Restroom	151,100	24,300	126,800
Total	<u>\$ 4,962,510</u>	<u>\$ 3,053,492</u>	<u>\$ 1,909,018</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2020**

6. Stewardship, Compliance, and Accountability

Deficit in Fund Balance of Individual Funds

At June 30, 2020, the following fund had a deficit fund balance:

Grants Fund	<u>\$ 1,449,086</u>
-------------	---------------------

A receivable of \$1,456,242 is expected to be received in the subsequent year, but was not in the revenue recognition period and therefore was reported as unavailable revenue in the current year. Management's anticipation to collect the receivable will eliminate the deficit fund balance in the subsequent year.

7. Subsequent Event

In March 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19), a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact Town revenues. At the current time, we are unable to quantify the potential effects of this pandemic.

REQUIRED SUPPLEMENTARY FINANCIAL DATA



TOWN OF HUNTERSVILLE, NORTH CAROLINA

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST FOUR FISCAL YEARS

Law Enforcement Officers' Special Separation Allowance				
	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 2,312,062	\$ 2,199,257	\$ 1,895,402	\$ 1,784,258
Service cost	164,777	157,587	132,055	132,762
Interest on the total pension liability	83,671	68,966	72,661	63,306
Differences between expected and actual experience in the measurement of the total pension liability	321,093	40,606	(51,224)	-
Changes in assumptions and other inputs	110,286	(120,803)	176,325	(62,980)
Benefit payments	<u>(26,799)</u>	<u>(33,551)</u>	<u>(25,962)</u>	<u>(21,944)</u>
Ending balance of the total pension liability	<u>\$ 2,965,090</u>	<u>\$ 2,312,062</u>	<u>\$ 2,199,257</u>	<u>\$ 1,895,402</u>

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

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

Law Enforcement Officers' Special Separation Allowance				
	2020	2019	2018	2017
Total pension liability	\$ 2,965,090	\$ 2,312,062	\$ 2,199,257	\$ 1,895,402
Covered payroll	6,391,053	5,735,316	5,492,397	5,228,643
Total pension liability as a percentage of covered payroll	46.39%	40.31%	40.04%	36.25%

Notes to the Schedules:

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

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

**OTHER POST-EMPLOYMENT BENEFITS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
 LAST THREE FISCAL YEARS**

Other Post-Employment Benefits			
	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 182,162	\$ 173,342	\$ 188,620
Interest	87,627	79,396	65,069
Differences between expected and actual experience	-	(244,638)	-
Changes of assumptions or other inputs	138,825	14,300	(185,209)
Net change in total OPEB liability	408,614	22,400	68,480
Total OPEB liability - beginning	2,252,633	2,230,233	2,161,753
Total OPEB liability - ending	<u>\$ 2,661,247</u>	<u>\$ 2,252,633</u>	<u>\$ 2,230,233</u>
Covered payroll	\$ 8,857,598	\$ 8,857,598	\$ 8,486,327
Total OPEB liability as a percentage of covered payroll	30.04%	25.43%	26.28%

Notes to the Required Schedules:

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:

<u>Fiscal Year</u>	<u>Rate</u>
2018	3.56%
2019	3.89%
2020	3.50%

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

TOWN OF HUNTERSVILLE, NORTH CAROLINA

**PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST SEVEN FISCAL YEARS ***

	Local Government Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
Town's proportion of the net pension liability (asset) (%)	0.1747%	0.1700%	0.1736%	0.1732%	0.1679%	0.1678%	0.1680%
Town's proportion of the net pension liability (asset) (\$)	\$ 4,769,828	\$ 4,033,930	\$ 2,652,279	\$ 3,676,521	\$ 753,704	\$ (990,361)	\$ 2,022,634
Town's covered payroll	\$10,976,929	\$ 9,689,171	\$ 9,513,625	\$ 8,999,979	\$ 8,374,143	\$ 8,023,538	\$ 7,579,163
Town's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	43.45%	41.63%	27.88%	40.85%	9.00%	(12.34%)	26.69%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

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

TOWN OF HUNTERSVILLE , NORTH CAROLINA

CONTRIBUTIONS
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST SEVEN FISCAL YEARS

	Local Government Employees' Retirement System						
	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	\$ 1,076,515	\$ 897,390	\$ 768,558	\$ 730,001	\$ 624,470	\$ 609,793	\$ 582,693
Contributions in relation to the contractually required contribution	<u>1,076,515</u>	<u>897,390</u>	<u>768,558</u>	<u>730,001</u>	<u>624,470</u>	<u>609,793</u>	<u>582,693</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$11,559,626	\$10,976,929	\$9,689,171	\$9,513,625	\$8,999,979	\$8,374,143	\$8,023,538
Contributions as a percentage of covered payroll	9.3%	8.18%	7.93%	7.67%	6.94%	7.28%	7.26%

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



SUPPLEMENTARY FINANCIAL DATA



TOWN OF HUNTERSVILLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad Valorem Taxes:			
Taxes		\$ 22,667,566	
Penalties and interest		83,177	
Total	\$ 21,543,334	<u>22,750,743</u>	\$ 1,207,409
Other Taxes and Licenses:			
Local option sales tax		9,454,798	
Hotel/Motel tax		577,468	
Prepared food tax		1,329,320	
Transit tax		15,000	
Other taxes		<u>1,724,588</u>	
Total	<u>12,068,960</u>	<u>13,101,174</u>	<u>1,032,214</u>
Unrestricted Intergovernmental:			
Franchise tax		2,463,667	
Beer and wine tax		263,311	
ABC revenue		141,132	
Stormwater fees		949,664	
Solid waste fees		1,639,809	
Policing ETJ		<u>1,400,000</u>	
Total	<u>6,576,187</u>	<u>6,857,583</u>	<u>281,396</u>
Restricted Intergovernmental:			
Powell Bill allocation		1,514,875	
School resource officer		<u>345,675</u>	
Total	<u>1,846,632</u>	<u>1,860,550</u>	<u>13,918</u>
Permits and Fees:			
Recreation fees		591,068	
Court costs and fees		48,258	
Planning and zoning		66,825	
Electric administrative fee and rent		119,565	
Parking deck fees		30,000	
Rental income		<u>56,153</u>	
Total	<u>1,067,665</u>	<u>911,869</u>	<u>(155,796)</u>
Investment Earnings	<u>400,000</u>	<u>777,724</u>	<u>377,724</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Miscellaneous:			
Donations		12,547	
Other miscellaneous		<u>1,188,382</u>	
Total	<u>620,670</u>	<u>1,200,929</u>	<u>580,259</u>
 Total revenues	 <u>44,123,448</u>	 <u>47,460,572</u>	 <u>3,337,124</u>
Expenditures:			
General Government:			
Governing Body:			
Commissioners fees and benefits		69,566	
Operating expenditures		<u>61,987</u>	
Total	<u>146,206</u>	<u>131,553</u>	<u>14,653</u>
 Administrative and Finance:			
Salaries and employee benefits		1,710,764	
Operating expenditures		513,570	
Capital outlay		<u>432,768</u>	
Total	<u>2,752,739</u>	<u>2,657,102</u>	<u>95,637</u>
 Total general government	 <u>2,898,945</u>	 <u>2,788,655</u>	 <u>110,290</u>
 Town Center and Parking Deck:			
Operating expenditures		81,047	
Total	<u>110,485</u>	<u>81,047</u>	<u>29,438</u>
 Planning:			
Salaries and employee benefits		993,617	
Operating expenditures		264,615	
Capital outlay		<u>2,627</u>	
Total	<u>1,533,139</u>	<u>1,260,859</u>	<u>272,280</u>
 Public Safety:			
Police Department:			
Salaries and employee benefits		9,306,231	
Operating expenditures		2,304,775	
Capital outlay		<u>546,336</u>	
Total	<u>13,628,907</u>	<u>12,157,342</u>	<u>1,471,565</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Fire:			
Contribution to volunteer fire departments		4,348,990	
Total	4,348,990	4,348,990	-
Total public safety	<u>17,977,897</u>	<u>16,506,332</u>	<u>1,471,565</u>
Public Works:			
Contracted services:			
Salaries and employee benefits		1,528,403	
Operating expenditures		6,096,751	
Solid waste contracted services		3,557,031	
Stormwater		608,521	
Capital outlay		1,057,208	
Total	<u>16,003,472</u>	<u>12,847,914</u>	<u>3,155,558</u>
Capital Projects:			
Operating expenditures	<u>7,095,000</u>	<u>1,336,074</u>	<u>5,758,926</u>
Total public works	<u>23,098,472</u>	<u>14,183,988</u>	<u>8,914,484</u>
Cultural and Recreation:			
Parks and Recreation:			
Salaries and employee benefits		1,807,580	
Operating expenditures		1,359,288	
Capital outlay		167,602	
Total	<u>3,724,247</u>	<u>3,334,470</u>	<u>389,777</u>
Travel and Tourism:			
Economic support		1,216,768	
Other operating expenditures		92,949	
Total	<u>1,564,749</u>	<u>1,309,717</u>	<u>255,032</u>
Total cultural and recreation	<u>5,288,996</u>	<u>4,644,187</u>	<u>644,809</u>
Debt Service:			
Principal		2,687,860	
Interest and fees		952,265	
Total debt service	<u>4,320,059</u>	<u>3,640,125</u>	<u>679,934</u>
Total expenditures	<u>55,227,993</u>	<u>43,105,193</u>	<u>12,122,800</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(11,104,545)	4,355,379	15,459,924
Other Financing Sources (Uses):			
Operating transfers in	-	220,000	220,000
Operating transfers (out)	(796,547)	(796,547)	-
Appropriated fund balance	11,901,092	-	(11,901,092)
Total other financing sources (uses)	<u>11,104,545</u>	<u>(576,547)</u>	<u>(11,681,092)</u>
Net change in fund balance	<u>\$ -</u>	3,778,832	<u>\$ 3,778,832</u>
Fund Balance:			
Beginning of year - July 1		<u>56,311,465</u>	
End of year - June 30		<u>\$ 60,090,297</u>	

TOWN OF HUNTERSVILLE, NORTH CAROLINA

SCHEDULE OF ENCUMBRANCES - GOVERNMENTAL FUNDS

JUNE 30, 2020

General Fund:

General government	\$ 69,185
Transportation	26,908
Planning	47,043
Public safety	190,047
Public works	130,814
Cultural and recreation	44,839
Capital projects	<u>3,358,214</u>
Total	3,867,050

Tourism	62,682
Powell Bill	<u>666,441</u>
Total General Fund	<u>4,596,173</u>

Enterprise Funds:

Electric	<u>1,053,669</u>
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Capital Projects Funds:

2013 Bond Fund	212,597
2016 Bond Fund	67,856
2020 Bond Fund	<u>522,044</u>
Total capital project funds	<u>802,497</u>

Special Revenue Funds

Transportation Reserve Fund	279,644
Land Development Fund	<u>105</u>
Total Special Revenue Fund	<u>279,749</u>

Total Town-Wide	<u>\$ 6,732,088</u>
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TOWN OF HUNTERSVILLE, NORTH CAROLINA

MAJOR SPECIAL REVENUE FUND - GRANT FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Grant revenue - GHSP		\$ 54,438	
Grant revenue - Ocular Melanoma		13,702	
Grant revenue - Downtown Revitalization		15,740	
Grant revenue - other		87,486	
Grant revenue - CARES Act		60,689	
Grant revenue - USTA CSD		86,000	
Total revenues	<u>\$ 17,743,555</u>	<u>318,055</u>	<u>\$ (17,425,500)</u>
Expenditures:			
Transportation:			
Main Street Upgrade		479,304	
Torrence Creek Stream Restoration		3,526	
Public works:			
General government:			
Ocular Melanoma		13,702	
Public safety:			
GHSP		54,439	
Department of Homeland Security		11,315	
Department of Justice		54,291	
CARES Act Operating		60,689	
Cultural and recreation:			
Downtown Greenway		10,200	
Downtown Revitalization Art		15,740	
Veterans Park		8,154	
Huntington Green Sidewalk		3,685	
Tennis Courts - Community School of Davidson		86,000	
Total expenditures	<u>17,748,355</u>	<u>801,045</u>	<u>16,947,310</u>
Revenues over (under) expenditures	(4,800)	(482,990)	(478,190)
Other Financing Sources (Uses):			
Transfers from other funds	<u>4,800</u>	<u>3,685</u>	<u>(1,115)</u>
Net change in fund balance	<u>\$ -</u>	<u>(479,305)</u>	<u>\$ (479,305)</u>
Fund Balance:			
Beginning of year - July 1		<u>(969,781)</u>	
End of year - June 30		<u>\$ (1,449,086)</u>	

TOWN OF HUNTERSVILLE, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND - BOND FUND 2020
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Actual		Total To Date
		Prior Years	Current Year	
Revenues:				
Investment earnings	\$ 79,469	\$ -	\$ 18,663	\$ 18,663
Expenditures:				
Gilead Road West	5,639,777	149,479	289,341	438,820
Main Street	2,939,945	-	44,686	44,686
Beatties Fd/McCoy Road	1,520,662	-	23,113	23,113
Gibson Park Drive	348,610	-	73,764	73,764
Holbrook Str	1,019,735	-	171,317	171,317
Vance Road	2,051,934	-	68,283	68,283
Ranson Widening	832,920	-	32,479	32,479
Beatties Fd/Hambright Street	706,542	-	43,630	43,630
Patterson Road Extension	1,161,019	-	15,827	15,827
Gibson Park Phase 2	636,522	-	9,597	9,597
Beatties Fd/Gilead Road	1,217,132	-	18,491	18,491
David Kenney Farm Road	506,888	-	7,709	7,709
Arahova	506,886	-	7,704	7,704
Walters Street	760,919	-	11,558	11,558
Total expenditures	19,849,491	149,479	817,499	966,978
Revenues over (under) expenditures	(19,770,022)	(149,479)	(798,836)	(948,315)
Other Financing Sources (Uses):				
Bonds issued	15,560,000	-	15,560,000	15,560,000
Premium on bonds issued	2,140,531	-	2,140,531	2,140,531
Transfer in (out)	1,998,970	220,000	(220,000)	-
Fund balance appropriated	70,521	-	-	-
Total other financing sources (uses)	19,770,022	220,000	17,480,531	17,700,531
Net change in fund balance	\$ -	\$ 70,521	16,681,695	\$ 16,752,216
Fund Balance:				
Beginning of year - July 1			70,521	
End of year - June 30			\$ 16,752,216	

TOWN OF HUNTERSVILLE, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2020**

	Nonmajor		
	Special Revenue Funds	Capital Project Funds	Total
Assets:			
Cash and cash equivalents	\$ 3,854,234	\$ 754,168	\$ 4,608,402
Restricted cash and cash equivalents	-	1,557,567	1,557,567
Accounts receivable, net	96,117	-	96,117
Total assets	<u>\$ 3,950,351</u>	<u>\$ 2,311,735</u>	<u>\$ 6,262,086</u>
Liabilities and Fund Balances:			
Liabilities:			
Accounts payable and accrued liabilities	\$ 21,584	\$ 93,290	\$ 114,874
Due to other funds	-	20,117	20,117
Total liabilities	<u>21,584</u>	<u>113,407</u>	<u>134,991</u>
Fund Balances:			
Restricted:			
Stabilization by state statute	375,866	280,453	656,319
Future capital projects	-	1,192,720	1,192,720
Committed:			
Capital projects	-	725,155	725,155
Assigned:			
Transportation	2,137,228	-	2,137,228
Land development	469,931	-	469,931
Commerce station	945,742	-	945,742
Total fund balances	<u>3,928,767</u>	<u>2,198,328</u>	<u>6,127,095</u>
Total liabilities and fund balances	<u>\$ 3,950,351</u>	<u>\$ 2,311,735</u>	<u>\$ 6,262,086</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

**NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2020**

	<u>Nonmajor</u>		<u>Total</u>
	<u>Special Revenue Funds</u>	<u>Capital Project Funds</u>	
Revenues:			
Ad valorem taxes	\$ 337,379	\$ -	\$ 337,379
Restricted intergovernmental	94,682	-	94,682
Permits and fees	895,440	-	895,440
Land development fees	619,362	-	619,362
Other revenue	(172)	171,000	170,828
Investment earnings	24,498	36,896	61,394
Total revenues	<u>1,971,189</u>	<u>207,896</u>	<u>2,179,085</u>
Expenditures:			
Current:			
General government	9,219	375,261	384,480
Transportation	114,372	1,063,511	1,177,883
Public works	464,106	-	464,106
Cultural and recreation	-	47,709	47,709
Debt service:			
Principal	400,000	-	400,000
Bond issuance cost	53,898	-	53,898
Interest	187,001	-	187,001
Total expenditures	<u>1,228,596</u>	<u>1,486,481</u>	<u>2,715,077</u>
Revenues over (under) expenditures	<u>742,593</u>	<u>(1,278,585)</u>	<u>(535,992)</u>
Other Financing Sources (Uses):			
Refunding bonds issued	3,975,000	-	3,975,000
Premium on bonds issued	848,609	-	848,609
Payment to escrow agent	(4,769,711)	-	(4,769,711)
Transfers in	792,862	-	792,862
Total other financing sources (uses)	<u>846,760</u>	<u>-</u>	<u>846,760</u>
Net change in fund balances	1,589,353	(1,278,585)	310,768
Fund Balances:			
Beginning of year - July 1	<u>2,339,414</u>	<u>3,476,913</u>	<u>5,816,327</u>
End of year - June 30	<u>\$ 3,928,767</u>	<u>\$ 2,198,328</u>	<u>\$ 6,127,095</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR CAPITAL PROJECT FUNDS
JUNE 30, 2020

	<u>Capital Project Funds</u>				<u>Total</u>
	<u>Capital Project Fund</u>	<u>Bond Fund 2008</u>	<u>Bond Fund 2013</u>	<u>Bond Fund 2016</u>	
Assets:					
Cash and cash investments	\$ 716,161	\$ 8,994	\$ 29,013	\$ -	\$ 754,168
Restricted cash and cash equivalents	-	-	385,793	1,171,774	1,557,567
Total assets	<u>\$ 716,161</u>	<u>\$ 8,994</u>	<u>\$ 414,806</u>	<u>\$ 1,171,774</u>	<u>\$ 2,311,735</u>
Liabilities and Fund Balances:					
Liabilities:					
Accounts payable and accrued liabilities	\$ -	\$ -	\$ 40,786	\$ 52,504	\$ 93,290
Due to other funds	-	-	-	20,117	20,117
Total liabilities	<u>-</u>	<u>-</u>	<u>40,786</u>	<u>72,621</u>	<u>113,407</u>
Fund Balances:					
Restricted:					
Stabilization by state statute	-	-	212,597	67,856	280,453
Future capital projects	-	-	161,423	1,031,297	1,192,720
Committed:					
Capital projects	716,161	8,994	-	-	725,155
Total fund balance	<u>716,161</u>	<u>8,994</u>	<u>374,020</u>	<u>1,099,153</u>	<u>2,198,328</u>
Total liabilities and fund balances	<u>\$ 716,161</u>	<u>\$ 8,994</u>	<u>\$ 414,806</u>	<u>\$ 1,171,774</u>	<u>\$ 2,311,735</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - NONMAJOR CAPITAL PROJECT FUNDS
 FOR THE YEAR ENDED JUNE 30, 2020

	Capital Project Funds			Total	
	Capital Project Fund	Bond Fund 2008	Bond Fund 2013		Bond Fund 2016
Revenues:					
Other revenue	\$ 171,000	\$ -	\$ -	\$ -	\$ 171,000
Investment earnings	381	-	10,139	26,376	36,896
Total revenues	<u>171,381</u>	<u>-</u>	<u>10,139</u>	<u>26,376</u>	<u>207,896</u>
Expenditures:					
Cultural and recreation	-	1,009	-	46,700	47,709
Transportation	-	-	411,772	651,739	1,063,511
General government	375,261	-	-	-	375,261
Total expenditures	<u>375,261</u>	<u>1,009</u>	<u>411,772</u>	<u>698,439</u>	<u>1,486,481</u>
Revenues over (under) expenditures	(203,880)	(1,009)	(401,633)	(672,063)	(1,278,585)
Fund Balances:					
Beginning of year - July 1	<u>920,041</u>	<u>10,003</u>	<u>775,653</u>	<u>1,771,216</u>	<u>3,476,913</u>
End of year - June 30	<u>\$ 716,161</u>	<u>\$ 8,994</u>	<u>\$ 374,020</u>	<u>\$ 1,099,153</u>	<u>\$ 2,198,328</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total to Date
Revenues:				
Other taxes and licenses - local option sales tax	\$ 2,858,081	\$ 2,843,879	\$ -	\$ 2,843,879
Contributions from other governments	4,748,488	4,729,707	-	4,729,707
CDBG	282,970	282,970	-	282,970
Miscellaneous revenue	386,248	224,248	-	224,248
Sale of land	1,597,702	1,595,062	171,000	1,766,062
Investment earnings	157,151	158,025	381	158,406
Total revenues	<u>10,030,640</u>	<u>9,833,891</u>	<u>171,381</u>	<u>10,005,272</u>
Expenditures:				
Trails and walkways	134,791	134,791	-	134,791
Commerce station	9,806,480	8,990,961	375,261	9,366,222
Debt service:				
Principal retirement	3,987,933	3,986,144	-	3,986,144
Interest expense	1,532,608	1,532,608	-	1,532,608
Operating expense	47,767	-	-	-
Total expenditures	<u>15,509,579</u>	<u>14,644,504</u>	<u>375,261</u>	<u>15,019,765</u>
Revenues over (under) expenditures	<u>(5,478,939)</u>	<u>(4,810,613)</u>	<u>(203,880)</u>	<u>(5,014,493)</u>
Other Financing Sources (Uses):				
Long-term borrowing issued	4,000,000	4,000,000	-	4,000,000
Transfers in (out)	1,188,939	1,560,654	-	1,560,654
Appropriated fund balance	290,000	170,000	-	170,000
Total other financing sources (uses)	<u>5,478,939</u>	<u>5,730,654</u>	<u>-</u>	<u>5,730,654</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 920,041</u>	<u>(203,880)</u>	<u>\$ 716,161</u>
Fund Balance:				
Beginning of year - July 1			<u>920,041</u>	
End of year - June 30			<u>\$ 716,161</u>	

TOWN OF HUNTERSVILLE, NORTH CAROLINA

BOND FUND 2008

SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Actual		
		Prior Years	Current Year	Total To Date
Revenues:				
Other taxes and licenses - local option sales tax	\$ 2,806,640	\$ 2,787,516	\$ -	\$ 2,787,516
Investment earnings	34,770	54,129	-	54,129
Total revenues	<u>2,841,410</u>	<u>2,841,645</u>	<u>-</u>	<u>2,841,645</u>
Expenditures:				
Fire Station	2,983,859	2,983,859	-	2,983,859
Barnette Elementary Gym	650,159	650,159	-	650,159
Lake Norman Charter Gym	250,000	250,000	-	250,000
North Mecklenburg Park	697,260	696,251	1,009	697,260
Abernathy Park	91,179	91,179	-	91,179
Huntersville Athletic Park	250,341	250,341	-	250,341
Bradford Park	80,190	80,190	-	80,190
Streetscape Veterans Park	34,770	34,770	-	34,770
Public Safety Facility	16,141	16,141	-	16,141
Total	<u>5,053,899</u>	<u>5,052,890</u>	<u>1,009</u>	<u>5,053,899</u>
Debt service:				
Principal retirement	1,800,000	1,800,000	-	1,800,000
Interest expense	<u>1,553,945</u>	<u>1,532,469</u>	<u>-</u>	<u>1,532,469</u>
Total expenditures	<u>8,407,844</u>	<u>8,385,359</u>	<u>1,009</u>	<u>8,386,368</u>
Revenues over (under) expenditures	<u>(5,566,434)</u>	<u>(5,543,714)</u>	<u>(1,009)</u>	<u>(5,544,723)</u>
Other Financing Sources (Uses):				
Long-term borrowing issued	5,000,000	5,000,000	-	5,000,000
Transfers in - Fire Station	547,305	553,717	-	553,717
Appropriated fund balance	<u>19,129</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>5,566,434</u>	<u>5,553,717</u>	<u>-</u>	<u>5,553,717</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 10,003</u>	<u>(1,009)</u>	<u>\$ 8,994</u>
Fund Balance:				
Beginning of year - July 1			<u>10,003</u>	
End of year - June 30			<u>\$ 8,994</u>	

TOWN OF HUNTERSVILLE, NORTH CAROLINA

BOND FUND 2013

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	<u>Project Authorization</u>	<u>Actual</u>		<u>Total To Date</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Revenues:				
Investment earnings	\$ 70,340	\$ 70,340	\$ 10,139	\$ 80,479
Expenditures:				
Recreation Center	4,238,890	4,238,121	-	4,238,121
Veterans Park	444,595	444,393	-	444,393
Hwy 21 & Gilead Road	3,098,121	2,323,439	38,781	2,362,220
Main Street	704,343	-	372,991	372,991
Total expenditures	<u>8,485,949</u>	<u>7,005,953</u>	<u>411,772</u>	<u>7,417,725</u>
Revenues over (under) expenditures	<u>(8,415,609)</u>	<u>(6,935,613)</u>	<u>(401,633)</u>	<u>(7,337,246)</u>
Other Financing Sources (Uses):				
Bonds issued	7,600,000	7,600,000	-	7,600,000
Premium on bonds issued	111,266	111,266	-	111,266
Fund balance appropriated	704,343	-	-	-
Total other financing sources (uses)	<u>8,415,609</u>	<u>7,711,266</u>	<u>-</u>	<u>7,711,266</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 775,653</u>	<u>(401,633)</u>	<u>\$ 374,020</u>
Fund Balance:				
Beginning of year - July 1			<u>775,653</u>	
End of year - June 30			<u>\$ 374,020</u>	

TOWN OF HUNTERSVILLE, NORTH CAROLINA

BOND FUND 2016

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCE - BUDGET AND ACTUAL

FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2020

	Project Authorization	Prior Years	Actual Current Year	Total To Date
Revenues:				
Investment earnings	\$ 300	\$ 208,971	\$ 26,376	\$ 235,347
Expenditures:				
Recreation Center	400,000	400,000	-	400,000
Fire Station	4,135,280	4,135,180	-	4,135,180
Non-motorized	400,000	1,100	46,700	47,800
Gilead West	300,000	300,000	-	300,000
Main Street upgrade	4,000,000	2,921,377	651,739	3,573,116
Total	<u>9,235,280</u>	<u>7,757,657</u>	<u>698,439</u>	<u>8,456,096</u>
Debt service:				
Debt issuance cost	<u>195,344</u>	<u>195,344</u>	<u>-</u>	<u>195,344</u>
Total expenditures	<u>9,430,624</u>	<u>7,953,001</u>	<u>698,439</u>	<u>8,651,440</u>
Revenues over (under) expenditures	<u>(9,430,324)</u>	<u>(7,744,030)</u>	<u>(672,063)</u>	<u>(8,416,093)</u>
Other Financing Sources (Uses):				
Bonds issued	8,675,000	8,675,000	-	8,675,000
Premium on bonds issued	308,223	393,145	-	393,145
Transfer in	641,105	641,105	-	641,105
Transfer out	<u>(194,004)</u>	<u>(194,004)</u>	<u>-</u>	<u>(194,004)</u>
Total other financing sources (uses)	<u>9,430,324</u>	<u>9,515,246</u>	<u>-</u>	<u>9,515,246</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,771,216</u>	<u>(672,063)</u>	<u>\$ 1,099,153</u>
Fund Balance:				
Beginning of year - July 1			<u>1,771,216</u>	
End of year - June 30			<u>\$ 1,099,153</u>	

TOWN OF HUNTERSVILLE, NORTH CAROLINA

COMBINING BALANCE SHEET
NONMAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2020

	<u>Special Revenue Funds</u>			<u>Total</u>
	<u>Transportation Reserve Fund</u>	<u>Land Development Fund</u>	<u>Commerce Station Fund</u>	
Assets:				
Cash and cash equivalents	\$ 2,417,623	\$ 490,279	\$ 946,332	\$ 3,854,234
Accounts receivable	85,573	-	10,544	96,117
Total assets	<u>\$ 2,503,196</u>	<u>\$ 490,279</u>	<u>\$ 956,876</u>	<u>\$ 3,950,351</u>
Liabilities and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	<u>\$ 751</u>	<u>\$ 20,243</u>	<u>\$ 590</u>	<u>\$ 21,584</u>
Fund Balances:				
Restricted:				
Stabilization by state statute	365,217	105	10,544	375,866
Assigned	<u>2,137,228</u>	<u>469,931</u>	<u>945,742</u>	<u>3,552,901</u>
Total fund balances	<u>2,502,445</u>	<u>470,036</u>	<u>956,286</u>	<u>3,928,767</u>
Total liabilities and fund balances	<u>\$ 2,503,196</u>	<u>\$ 490,279</u>	<u>\$ 956,876</u>	<u>\$ 3,950,351</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR SPECIAL REVENUE FUNDS
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Transportation Reserve Fund</u>	<u>Land Development Fund</u>	<u>Commerce Station Fund</u>	<u>Total</u>
Revenues:				
Grant revenue	\$ 28,582	\$ -	\$ 32,231	\$ 60,813
Ad valorem taxes	-	-	337,379	337,379
Contributions from other governments	-	33,869	-	33,869
Registration fees	895,440	-	-	895,440
Land development fees	-	619,362	-	619,362
Other revenue	-	-	(172)	(172)
Investment earnings	24,370	-	128	24,498
Total revenues	<u>948,392</u>	<u>653,231</u>	<u>369,566</u>	<u>1,971,189</u>
Expenditures:				
Transportation	114,372	-	-	114,372
Public works	-	464,106	-	464,106
General government	-	-	9,219	9,219
Debt service:				
Principal	187,517	-	212,483	400,000
Bond issuance cost	24,793	-	29,105	53,898
Interest	87,113	-	99,888	187,001
Total expenditures	<u>413,795</u>	<u>464,106</u>	<u>350,695</u>	<u>1,228,596</u>
Revenues over (under) expenditures	<u>534,597</u>	<u>189,125</u>	<u>18,871</u>	<u>742,593</u>
Other Financing Sources (Uses):				
Refunding bonds issued	1,828,500	-	2,146,500	3,975,000
Premium on bonds issued	390,360	-	458,249	848,609
Payment to escrow agent	(2,194,067)	-	(2,575,644)	(4,769,711)
Transfers in	-	-	792,862	792,862
Total other financing sources (uses)	<u>24,793</u>	<u>-</u>	<u>821,967</u>	<u>846,760</u>
Net change in fund balances	559,390	189,125	840,838	1,589,353
Fund Balances:				
Beginning of year - July 1	<u>1,943,055</u>	<u>280,911</u>	<u>115,448</u>	<u>2,339,414</u>
End of year - June 30	<u>\$ 2,502,445</u>	<u>\$ 470,036</u>	<u>\$ 956,286</u>	<u>\$ 3,928,767</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

SPECIAL REVENUE FUND - TRANSPORTATION RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Registration fees	\$ 930,935	\$ 895,440	\$ (35,495)
Grant revenue	-	28,582	28,582
Investment earnings	-	24,370	24,370
Total revenues	<u>930,935</u>	<u>948,392</u>	<u>17,457</u>
Expenditures:			
Transportation:			
Transportation - capital projects	<u>1,983,342</u>	<u>114,372</u>	<u>1,868,970</u>
Debt Service:			
Interest expense	194,819	87,113	107,706
Bond issuance cost	24,793	24,793	-
Principal retirement	<u>196,893</u>	<u>187,517</u>	<u>9,376</u>
Total debt service	<u>416,505</u>	<u>299,423</u>	<u>117,082</u>
Revenues over (under) expenditures	<u>(1,468,912)</u>	<u>534,597</u>	<u>2,003,509</u>
Other Financing Sources (Uses):			
Refunding bonds issued	1,828,500	1,828,500	-
Premium on bonds issued	390,360	390,360	-
Payment to escrow agent	(2,194,067)	(2,194,067)	-
Appropriated fund balance	<u>1,444,119</u>	<u>-</u>	<u>(1,444,119)</u>
Total other financing sources (uses)	<u>1,468,912</u>	<u>24,793</u>	<u>(1,444,119)</u>
Net change in fund balance	<u>\$ -</u>	<u>559,390</u>	<u>\$ 559,390</u>
Fund Balance:			
Beginning of year - July 1		<u>1,943,055</u>	
End of year - June 30		<u>\$ 2,502,445</u>	

TOWN OF HUNTERSVILLE, NORTH CAROLINA

SPECIAL REVENUE FUND - LAND DEVELOPMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Contributions from other governments	\$ -	\$ 33,869	\$ 33,869
Land development fees	729,834	619,362	(110,472)
Total revenues	<u>729,834</u>	<u>653,231</u>	<u>(76,603)</u>
Expenditures:			
Salaries and employee benefits	465,054	404,126	60,928
Operating expenditures	265,477	59,530	205,947
Capital outlay	1,529	450	1,079
Total expenditures	<u>732,060</u>	<u>464,106</u>	<u>267,954</u>
Revenues over (under) expenditures	(2,226)	189,125	191,351
Other Financing Sources (Uses):			
Appropriated fund balance	<u>2,226</u>	<u>-</u>	<u>(2,226)</u>
Net change in fund balance	<u>\$ -</u>	<u>189,125</u>	<u>\$ 189,125</u>
Fund Balance:			
Beginning of year - July 1		<u>280,911</u>	
End of year - June 30		<u>\$ 470,036</u>	

TOWN OF HUNTERSVILLE, NORTH CAROLINA

SPECIAL REVENUE FUND - COMMERCE STATION FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Ad valorem taxes	\$ 400,000	\$ 337,379	\$ (62,621)
Grant revenue	78,000	32,231	(45,769)
Other revenue	-	(172)	(172)
Investment earnings	-	128	128
Total revenues	<u>478,000</u>	<u>369,566</u>	<u>(108,434)</u>
Expenditures:			
Contracted services	802,742	7,080	795,662
Operating	<u>2,280</u>	<u>2,139</u>	<u>141</u>
Total expenditures	<u>805,022</u>	<u>9,219</u>	<u>795,803</u>
Debt Service:			
Interest expense	132,000	99,888	32,112
Bond issuance cost	29,105	29,105	-
Principal retirement	<u>333,840</u>	<u>212,483</u>	<u>121,357</u>
Total debt service	<u>494,945</u>	<u>341,476</u>	<u>153,469</u>
Revenues over (under) expenditures	<u>(821,967)</u>	<u>18,871</u>	<u>840,838</u>
Other Financing Sources (Uses):			
Transfer in	792,862	792,862	-
Refunding bonds issued	2,146,500	2,146,500	-
Premium on bonds issued	458,249	458,249	-
Payment to escrow agent	<u>(2,575,644)</u>	<u>(2,575,644)</u>	<u>-</u>
Total other financing sources (uses)	<u>821,967</u>	<u>821,967</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>840,838</u>	<u>\$ 840,838</u>
Fund Balance:			
Beginning of year - July 1		<u>115,448</u>	
End of year - June 30		<u>\$ 956,286</u>	

TOWN OF HUNTERSVILLE, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating Revenues:			
Sale of electricity		\$ 20,441,213	
Street light revenue		355,198	
Late payment charges		86,712	
Other operating revenue		282,654	
Total operating revenues	<u>\$ 21,661,583</u>	<u>21,165,777</u>	<u>\$ (495,806)</u>
Other Revenues:			
Interest	5,000	40,115	35,115
NCMPA rebates	<u>2,207,166</u>	<u>2,207,166</u>	<u>-</u>
Total other revenues	<u>2,212,166</u>	<u>2,247,281</u>	<u>35,115</u>
Total revenues	<u>23,873,749</u>	<u>23,413,058</u>	<u>(460,691)</u>
Expenditures:			
Operating Expenditures and Construction Costs:			
Electrical Operations:			
Salaries and employee benefits		1,025,879	
Contracted services		242,735	
Other operating expenses		1,517,874	
Total	<u>3,548,123</u>	<u>2,786,488</u>	<u>761,635</u>
Electrical Power Purchases	<u>17,752,091</u>	<u>16,732,204</u>	<u>1,019,887</u>
Capital Outlay	<u>3,319,343</u>	<u>2,152,370</u>	<u>1,166,973</u>
Total expenditures	<u>24,619,557</u>	<u>21,671,062</u>	<u>2,948,495</u>
Revenues over (under) expenditures	(745,808)	1,741,996	2,487,804
Other Financing Sources (Uses):			
Appropriated fund balance	<u>745,808</u>	<u>-</u>	<u>(745,808)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ 1,741,996</u>	<u>\$ 1,741,996</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ 1,741,996	
Reconciling items:			
Capital outlay capitalized		2,152,370	
Depreciation		<u>(1,201,701)</u>	
Change in net position		<u>\$ 2,692,665</u>	

TOWN OF HUNTERSVILLE, NORTH CAROLINA

FAMILY FITNESS AND AQUATICS FUND
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2020

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Membership fees		\$ 1,557,491	
Programming		753,373	
Other revenue		681,000	
Total revenues	\$ 3,415,748	<u>2,991,864</u>	\$ (423,884)
Expenditures:			
Operating expenditures:			
Salaries and employee benefits		43,256	
Contracted services		2,580,705	
Other operating expenses		702,472	
Total operating expenditures	<u>3,327,533</u>	<u>3,326,433</u>	<u>1,100</u>
Debt Service:			
Interest expense and fees		15,761	
Principal retirement		131,140	
Total debt service	<u>146,915</u>	<u>146,901</u>	<u>14</u>
Capital Outlay	<u>140,000</u>	<u>131,171</u>	<u>8,829</u>
Total expenditures	<u>3,614,448</u>	<u>3,604,505</u>	<u>9,943</u>
Revenues over (under) expenditures	(198,700)	(612,641)	(413,941)
Other Financing Sources (Uses):			
Appropriated fund balance	<u>198,700</u>	<u>-</u>	<u>(198,700)</u>
Total other financing sources	<u>198,700</u>	<u>-</u>	<u>(198,700)</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	<u>\$ (612,641)</u>	<u>\$ (612,641)</u>
Reconciliation from Budgetary Basis (Modified Accrual) to Full Accrual:			
Revenues and other financing sources over (under) expenditures and other financing uses		\$ (612,641)	
Reconciling items:			
Principal retirement		131,140	
Amortization of bond premium		7,584	
Capital outlay capitalized		131,171	
Depreciation		(629,090)	
Change in net position		<u>\$ (971,836)</u>	

TOWN OF HUNTERSVILLE, NORTH CAROLINA

SCHEDULE OF AD VALOREM TAXES RECEIVABLE

JUNE 30, 2020

Fiscal Year	Uncollected Balance July 1, 2019	Additions	Collections and Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 23,150,221	\$ 22,978,652	\$ 171,569
2018-2019	60,060	-	28,663	31,397
2017-2018	41,063	-	9,632	31,431
2016-2017	29,782	-	9,203	20,579
2015-2016	26,299	-	9,404	16,895
2014-2015	28,765	-	7,682	21,083
2013-2014	32,345	-	6,198	26,147
2012-2013	31,468	-	5,149	26,319
2011-2012	23,571	-	2,893	20,678
2010-2011	53,799	-	53,799	-
Total	\$ 327,152	\$ 23,150,221	\$ 23,111,275	366,098

Less: Allowance for uncollectible ad valorem taxes receivable

262,963

Ad valorem taxes receivable, net

\$ 103,135

Reconciliation of Collections and Credits with Revenues:

Ad valorem taxes:

General Fund

\$ 22,750,743

Nonmajor special revenue funds

337,379

Reconciling items:

Adjustments and write-offs

34,958

Interest collected

(83,177)

Refunds

71,372

Total collections and credits

\$ 23,111,275

TOWN OF HUNTERSVILLE, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2020

	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	\$ 9,683,198,333	0.2400	\$ 23,239,676	\$ 21,539,324	\$ 1,700,352
Discoveries	62,647,500		150,354	150,354	-
Releases	(99,920,416)		(239,809)	(239,809)	-
Total property valuation	<u>\$ 9,645,925,417</u>				
Net Levy			23,150,221	21,449,869	1,700,352
Uncollected taxes at June 30, 2020			(171,569)	(171,569)	-
Current Year Taxes Collected			<u>\$ 22,978,652</u>	<u>\$ 21,278,300</u>	<u>\$ 1,700,352</u>
Current Levy Collection Percentage			<u>99.26%</u>	<u>99.20%</u>	<u>100.00%</u>
Secondary Market Disclosures:					
Assessed Valuation:					
Assessment ratio					<u>100.00%</u>
Real property					\$8,380,929,151
Personal property					467,203,030
Public service companies					89,313,236
Motor vehicles					<u>708,480,000</u>
Total assessed valuation					9,645,925,417
Tax rate per \$100					<u>0.2400</u>
Net levy					<u>\$ 23,150,221</u>

TOWN OF HUNTERSVILLE, NORTH CAROLINA

SCHEDULE OF TEN LARGEST TAXPAYERS
FOR THE YEAR ENDED JUNE 30, 2020

<u>Taxpayer</u>	<u>Type of Business</u>	<u>Assessed Valuation</u>	<u>Percentage of Total Assessed Valuation</u>
Northcross Land Development LP Inc.	Office Park	\$ 132,650,474	1.38%
DDRTC Birkdale Village LLC	Retail Leasing	123,331,644	1.28%
Park Huntersville Partners LLC	Business Park	70,488,900	0.73%
Joe Gibbs Racing, Inc.	NASCAR	69,038,187	0.72%
Southwire Company LLC	Manufacturing	55,160,060	0.57%
PACTIV LLC	Industrial Manufacturing	51,723,604	0.54%
Arium Lake Norman Owner LLC	Apartment Leasing	46,184,872	0.48%
The Collection at The Park LLC	Apartment Leasing	44,596,000	0.46%
CSP Community Owner LLC	Apartment Leasing	43,363,600	0.45%
Piedmont Natural Gas Company Inc.	Utility	41,113,896	0.43%
Total		<u>\$ 677,651,237</u>	<u>7.03%</u>



STATISTICAL SECTION



Statistical Section

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

Contents

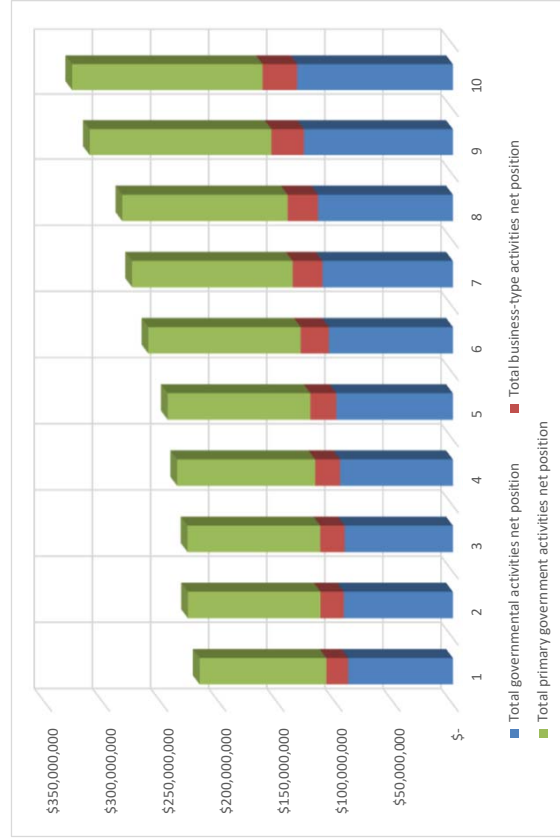
	<u>Pages</u>
Financial Trends	
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	97-101
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the Town's ability to generate its property and sales taxes.	102-106
Debt Capacity	
These schedules present information to help the reader assess the affordability of the Town's current levels of outstanding debt and the Town's ability to issue additional debt in the future.	107-110
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the Town's financial activities take place and to help make comparisons over time and with other governments.	111-113
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the Town's financial information relates to the services the Town provides and the activities it performs.	114-115



Table 1

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Governmental activities										
Net investment in capital assets	\$ 56,687,403	\$ 54,505,230	\$ 53,192,255	\$ 54,881,583	\$ 57,221,338	\$ 62,014,105	\$ 66,063,944	\$ 67,636,966	\$ 75,601,202	\$ 77,926,213
Restricted	24,960,090	23,880,955	19,565,829	19,629,237	20,346,993	21,049,647	30,745,055	24,582,196	23,482,792	24,680,256
Unrestricted	8,511,379	15,629,809	20,558,767	22,750,660	22,884,274	23,790,612	15,588,666	24,067,263	29,280,258	31,559,416
Total governmental activities net position	90,158,872	94,015,994	93,316,851	97,261,480	100,452,605	106,854,364	112,397,665	116,286,425	128,364,252	134,165,885
Business-type activities										
Net investment in capital assets	\$ 18,702,384	\$ 20,081,104	\$ 21,111,636	\$ 21,481,775	\$ 21,811,441	\$ 24,065,764	\$ 24,705,837	\$ 26,861,836	\$ 29,271,115	\$ 29,862,589
Unrestricted	167,087	(49,609)	(203,045)	(45,473)	487,496	190,267	960,883	(848,679)	(1,322,672)	(193,317)
Total business-type activities net position	18,869,471	20,031,495	20,908,591	21,436,302	22,298,937	24,256,031	25,666,720	26,013,157	27,948,443	29,669,272
Primary Government										
Net investment in capital assets	\$ 75,389,787	\$ 74,586,334	\$ 74,303,891	\$ 76,363,358	\$ 79,032,779	\$ 86,079,869	\$ 90,769,781	\$ 94,498,802	\$ 104,872,317	\$ 107,788,802
Restricted	24,960,090	23,880,955	19,565,829	19,629,237	20,346,993	21,049,647	30,745,055	24,582,196	23,482,792	24,680,256
Unrestricted	8,678,466	15,580,200	20,355,722	22,705,187	23,371,770	23,980,879	16,549,549	23,218,584	27,957,586	31,366,099
Total primary government activities net position	\$ 109,028,343	\$ 114,047,489	\$ 114,225,442	\$ 118,697,782	\$ 122,751,542	\$ 131,110,395	\$ 138,064,385	\$ 142,299,582	\$ 156,312,695	\$ 163,835,157



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

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Expenses										
Governmental activities:										
General government	\$ 1,785,463	\$ 1,280,528	\$ 2,452,513	\$ 2,467,278	\$ 2,549,474	\$ 2,073,617	\$ 3,324,781	\$ 2,840,744	\$ 2,560,089	\$ 2,534,841
Public safety	10,013,196	10,783,735	12,557,567	11,806,484	11,678,771	14,282,038	14,337,920	15,687,778	16,812,324	18,145,124
Transportation/Town Center Ops	3,918,190	5,103,959	6,707,468	3,153,828	3,750,825	4,136,643	2,875,883	3,687,460	2,634,731	4,136,433
Planning	834,064	879,008	890,325	954,327	812,831	858,764	1,123,652	1,166,992	1,214,150	1,342,741
Public Works	5,343,461	5,988,886	7,340,009	6,983,885	6,310,622	6,116,269	7,353,662	8,303,855	10,598,698	13,479,038
Cultural and recreation	3,136,319	3,421,289	4,020,596	4,041,134	5,094,733	3,478,390	4,144,131	4,593,656	5,243,708	5,341,704
Interest on long-term debt	1,614,678	3,736,917	1,364,255	1,640,211	1,636,104	1,735,185	1,552,660	1,419,762	1,314,244	1,466,083
Total governmental activities expenses	\$ 26,645,371	\$ 31,194,322	\$ 35,332,733	\$ 31,047,147	\$ 31,833,360	\$ 32,680,906	\$ 34,712,689	\$ 37,700,247	\$ 40,377,944	\$ 46,445,964
Business-type activities:										
Fitness & Aquatics	\$ 3,079,293	\$ 3,123,537	\$ 3,348,460	\$ 3,339,862	\$ 3,677,172	\$ 3,919,388	\$ 3,881,637	\$ 3,867,206	\$ 3,984,482	\$ 3,963,700
Electric	9,658,016	10,893,416	12,289,870	13,949,346	15,302,328	16,066,080	17,746,222	18,979,160	19,537,205	20,720,393
Total business-type activities	12,737,309	14,016,953	15,638,330	17,289,208	18,979,500	19,985,468	21,627,859	22,846,366	23,521,687	24,684,093
Total primary governmental expenses	\$ 39,382,680	\$ 45,211,275	\$ 50,971,063	\$ 48,336,355	\$ 50,812,860	\$ 52,666,374	\$ 56,340,548	\$ 60,546,613	\$ 63,899,631	\$ 71,130,057
Program Revenues										
Governmental activities:										
Charges for services	\$ 1,321,955	\$ 1,408,461	\$ 1,527,471	\$ 1,769,277	\$ 1,617,787	\$ 1,697,378	\$ 1,829,842	\$ 2,001,012	\$ 2,085,808	\$ 2,597,499
Operating grants and contributions	2,270,706	2,610,673	2,391,865	2,821,955	2,031,380	2,038,017	2,457,846	2,364,626	6,308,078	2,718,722
Capital grants and contributions	4,191,480	4,065,727	3,130,597	2,234,577	1,266,429	1,582,860	2,309,062	609,644	3,846,818	2,060,482
Total governmental activities program revenues	7,784,141	8,084,861	7,049,933	6,825,809	4,915,596	5,318,255	6,596,750	4,975,282	12,240,704	7,376,703
Business-type activities:										
Charges for services	\$ 3,027,364	\$ 3,228,103	\$ 3,349,599	\$ 3,196,668	\$ 3,281,988	\$ 4,705,550	\$ 3,304,479	\$ 3,245,583	\$ 3,751,020	\$ 2,991,864
Fitness & Aquatics	11,320,226	11,743,622	12,882,138	14,313,731	15,949,422	16,685,597	19,145,281	19,569,272	21,146,797	21,165,777
Electric										
Operating grants and contributions	14,347,590	14,971,725	16,231,737	17,510,399	19,231,410	21,391,147	22,449,760	22,814,855	24,897,817	24,157,641
Total business-type activities program revenues	22,131,731	23,056,586	23,281,670	24,336,208	24,147,006	26,709,402	29,046,510	27,790,137	37,138,521	31,534,344
Total primary government program revenues	\$ (18,861,230)	\$ (23,109,461)	\$ (28,282,800)	\$ (24,221,338)	\$ (26,917,764)	\$ (27,362,651)	\$ (28,115,939)	\$ (32,724,965)	\$ (28,137,240)	\$ (39,069,261)
Net (expense)/revenue:	\$ 1,610,281	\$ 954,772	\$ 593,407	\$ 221,191	\$ 251,910	\$ 1,405,679	\$ 821,901	\$ (31,511)	\$ 1,376,130	\$ (526,452)
Governmental activities	\$ (17,250,949)	\$ (22,154,689)	\$ (27,689,393)	\$ (24,000,147)	\$ (26,665,854)	\$ (25,956,972)	\$ (27,294,038)	\$ (32,756,476)	\$ (26,761,110)	\$ (39,595,713)
Business-type activities										
Total primary government net revenue	\$ (17,250,949)	\$ (22,154,689)	\$ (27,689,393)	\$ (24,000,147)	\$ (26,665,854)	\$ (25,956,972)	\$ (27,294,038)	\$ (32,756,476)	\$ (26,761,110)	\$ (39,595,713)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes	\$ 14,667,234	\$ 16,811,235	\$ 16,644,915	\$ 17,460,068	\$ 19,129,795	\$ 19,706,339	\$ 20,509,620	\$ 21,101,306	\$ 21,873,081	\$ 23,043,924
Property taxes	1,941,486	2,297,173	2,528,808	2,907,012	3,359,486	4,160,197	4,295,821	5,666,709	6,080,249	9,454,798
Local option sales tax	2,429,889	2,831,079	3,253,055	3,394,916	3,450,729	3,925,149	4,455,506	3,853,453	3,697,301	3,646,376
Other taxes	3,752,863	3,868,384	3,826,882	3,989,746	5,180,301	5,498,675	4,875,270	5,087,847	6,896,994	6,857,583
Unrestricted intergovernmental revenues	49,598	25,486	20,654	7,989	21,420	112,565	326,502	740,424	1,242,792	857,781
Investment earnings	790,730	1,335,063	1,592,672	552,721	1,024,226	912,116	510,946	1,434,826	969,791	1,010,432
Miscellaneous				160,000						
Gain/(loss) on sale of capital assets										
Total governmental activities	23,631,800	27,168,420	27,866,986	28,472,452	32,165,957	34,315,041	34,973,665	37,884,565	40,760,208	44,870,894

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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Business-type activities:										
Investment earnings	14,165	5,415	360	35	64	784	1,636	5,969	14,015	40,115
NCMPA rebate	-	-	-	-	-	-	-	-	-	2,207,166
Total business-type activities	14,165	5,415	360	35	64	784	1,636	5,969	14,015	40,115
Total general revenues not including transfers	\$ 23,645,965	\$ 27,173,835	\$ 27,867,346	\$ 28,472,487	\$ 32,166,021	\$ 34,315,825	\$ 34,975,301	\$ 37,890,534	\$ 40,774,223	\$ 47,118,175
Transfers in	325,116	201,837	283,329	306,485	610,661	550,631	587,152	371,979	545,141	-
Transfers (out)	(325,116)	(201,837)	(283,329)	(306,485)	(610,661)	(550,631)	(587,152)	(371,979)	(545,141)	-
Total general revenues and transfers	\$ 23,645,965	\$ 27,173,835	\$ 27,867,346	\$ 28,472,487	\$ 32,166,021	\$ 34,315,825	\$ 34,975,301	\$ 37,890,534	\$ 40,774,223	\$ 47,118,175
Change in Net Position										
Governmental activities	\$ 4,445,454	\$ 3,857,122	\$ (699,143)	\$ 3,944,629	\$ 4,637,532	\$ 6,401,759	\$ 6,270,574	\$ 4,787,621	\$ 12,077,827	\$ 5,801,633
Business-type activities	1,949,562	1,162,024	877,096	527,711	862,635	1,957,094	1,410,689	346,437	1,935,286	1,720,829
Total primary government	\$ 6,395,016	\$ 5,019,146	\$ 1,779,953	\$ 4,472,340	\$ 5,500,167	\$ 8,358,853	\$ 7,681,263	\$ 5,134,058	\$ 14,013,113	\$ 7,522,462

Note: Accrual-basis financial information for the Town as a whole.

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

	<u>2011</u> *	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
General Fund										
Non Spendable	\$ 300,082	\$ 250,082	\$ 200,000	\$ 161,485	\$ 100,000	\$ 59,544	\$ 102,549	\$ 261,763	\$ 82,533	\$ 38,450
Restricted	17,194,222	17,759,882	18,692,186	18,617,957	19,131,477	19,875,049	26,319,800	23,622,711	21,043,750	23,746,949
Committed	-	780,000	780,000	780,000	964,965	1,640,592	1,640,592	13,799,646	13,102,564	10,689,029
Assigned	5,395,409	7,084,161	7,476,832	9,736,119	10,936,656	11,655,813	10,732,113	648,828	590,828	584,108
Unassigned	9,562,164	10,253,641	11,213,943	11,414,797	12,261,752	12,408,114	9,413,500	13,826,689	21,491,790	25,031,761
Total General Fund	\$32,451,877	\$36,127,766	\$38,362,961	\$40,710,358	\$43,394,850	\$45,639,112	\$48,208,554	\$52,159,637	\$56,311,465	\$60,090,297
All other governmental funds										
Capital Project										
Non Spendable	\$ 195,556	\$ 188,636	\$ 181,696	\$ 174,834	\$ 167,933	\$ 161,013	\$ -	\$ -	\$ 456	\$ -
Restricted	7,296,860	5,787,404	734,632	9,068,606	8,629,671	7,266,064	16,074,309	4,677,448	3,307,540	17,422,892
Committed	277,473	1,175,673	1,115,112	359,227	299,097	279,288	2,762,752	1,080,743	990,562	725,155
Unassigned	(130,147)	(126,141)	-	(105,237)	(247,866)	(193,561)	(5,610,438)	(118,834)	(750,668)	-
Special Revenue										
Restricted	469,008	333,669	139,011	104,870	75,574	82,070	85,491	959,485	1,787,871	1,596,659
Assigned	1,568,600	1,889,971	1,976,088	2,162,347	1,495,994	1,156,578	1,195,443	794,689	2,252,377	3,552,901
Unassigned	(341,613)	(198,347)	(2,504)	(13,800)	-	-	-	(92,908)	(2,671,071)	(1,867,382)
Total all other governmental funds	\$ 9,335,737	\$ 9,050,865	\$ 4,144,035	\$11,750,847	\$10,420,403	\$ 8,751,452	\$14,507,557	\$ 7,300,623	\$ 4,917,067	\$21,430,225

Reserved in Capital Project Funds and Committed in Capital Project represent funds that by debt covenants or Town Board appropriation are restricted/committed to specific projects.
Reserved Special revenue funds and Restricted in Special Revenue represent funds that by State Statute can only be spent on specific eligible projects.

* Prior to FY 2011 fund balance reporting reflects pre GASB 54 GAAP classifications. From FY 2011 forward current GAAP is reported.

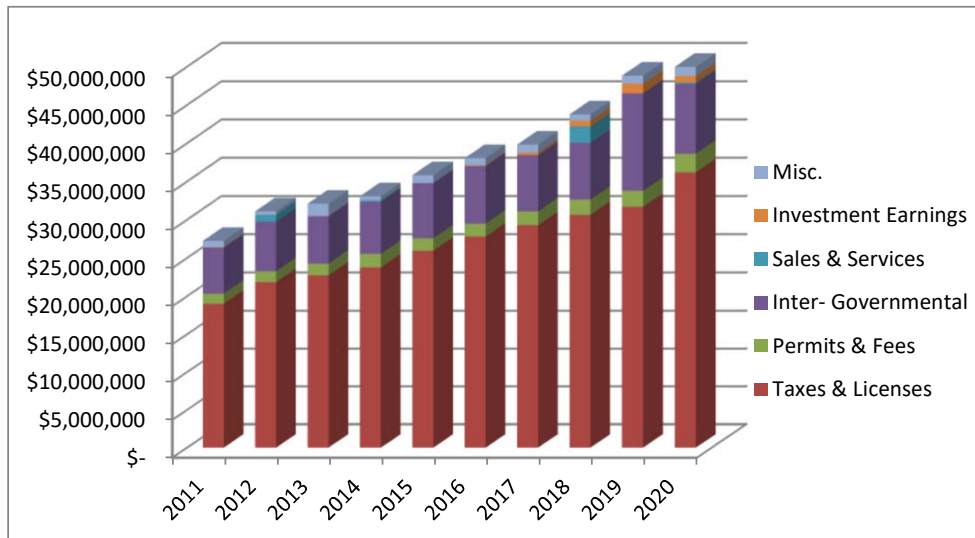
**Town of Huntersville
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Revenues										
Ad Valorem Taxes	\$ 14,640,460	\$ 16,718,660	\$ 16,939,887	\$ 17,465,248	\$ 19,135,787	\$ 19,701,719	\$ 20,522,410	\$ 21,112,111	21,905,862	23,088,122
Other Taxes	4,371,375	5,128,252	5,781,863	6,301,928	6,810,215	8,085,346	8,751,327	9,520,162	9,777,550	13,101,174
Unrestricted Intergovernmental	3,752,863	3,868,384	3,826,882	3,989,746	5,180,301	5,498,675	4,875,270	5,087,847	6,896,994	6,857,583
Restricted Intergovernmental	2,270,706	2,610,684	2,391,865	2,821,955	2,031,380	2,038,017	2,457,846	2,337,618	5,857,186	2,273,287
Permits and fees	1,321,955	1,408,461	1,527,471	1,769,277	1,617,787	1,697,378	1,829,843	2,001,012	2,085,808	1,807,309
Land development fees	-	25,486	20,654	7,989	21,420	112,565	326,502	740,424	1,242,792	619,362
Investment Earnings	-	891,102	-	160,000	-	-	-	2,139,835	-	857,781
Sale of land	-	-	-	-	-	-	-	-	-	170,828
Miscellaneous	818,577	443,950	1,592,672	552,721	1,024,226	912,116	1,054,906	824,035	1,061,941	1,200,929
Total revenues	\$ 27,225,534	\$ 31,094,979	\$ 32,081,294	\$ 33,068,864	\$ 35,821,116	\$ 38,045,816	\$ 39,818,104	\$ 43,763,044	\$ 48,828,133	\$ 49,976,375
Expenditures										
General government	\$ 1,632,168	\$ 1,643,177	\$ 1,707,647	\$ 1,862,536	\$ 2,039,151	\$ 2,104,818	\$ 2,552,641	\$ 2,402,844	2,128,475	2,378,809
Transportation	271,256	81,698	148,412	354,723	204,233	930,697	442,208	1,414,872	(3,015,157)	(3,210,073)
Planning	815,873	873,392	874,587	940,460	841,466	862,986	1,095,407	1,144,030	1,185,092	1,258,081
Public Safety	9,331,563	10,116,988	10,837,520	10,991,956	11,209,062	10,378,206	13,062,771	14,368,063	15,457,040	16,075,124
Public Works	3,799,287	4,617,816	5,867,929	5,234,491	5,315,075	8,753,766	6,847,713	7,497,467	10,387,342	14,065,949
Cultural and Recreation	2,667,539	2,920,419	3,495,586	3,522,497	4,764,878	3,261,433	4,012,414	3,890,924	4,428,651	4,396,522
Capital Outlay	6,985,820	10,238,596	7,788,410	3,335,557	4,765,203	6,059,075	6,035,930	10,921,763	11,266,898	8,193,378
Debt service										
Principal	\$ 1,721,754	\$ 1,584,707	\$ 2,560,107	\$ 3,026,428	\$ 3,520,342	\$ 3,683,117	\$ 4,818,215	\$ 3,598,188	\$ 3,371,215	\$ 3,087,860
Bond Issuance Cost	-	-	-	-	-	-	-	-	-	53,898
Interest and other charges	1,614,678	1,463,137	1,536,273	1,640,211	1,636,104	1,571,210	1,539,811	1,408,763	1,305,164	1,139,266
Total expenditures	\$ 28,839,938	\$ 33,539,930	\$ 34,816,471	\$ 30,908,859	\$ 34,295,514	\$ 37,605,308	\$ 40,407,110	\$ 46,646,914	\$ 46,514,720	\$ 47,438,814
Excess of revenues over (under) expenditures	\$ (1,614,404)	\$ (2,444,951)	\$ (2,735,177)	\$ 2,160,005	\$ 1,525,602	\$ 440,508	\$ (589,006)	\$ (2,883,870)	\$ 2,313,413	\$ 2,537,561
Other financing sources (uses)										
General obligation debt issued (including refunding bonds)	7,530,000	-	-	7,600,000	-	2,341,000	11,375,000	-	-	19,535,000
Long-term debt issued	-	5,800,000	-	-	-	-	-	-	-	-
Limited obligation bonds issued	-	16,763,060	-	-	-	-	-	-	-	-
Bond Premium	-	1,797,528	-	111,266	-	-	681,210	-	-	2,989,140
Escrow paid to agent	-	(18,670,138)	-	-	-	(2,290,193)	(3,178,674)	-	-	(4,769,711)
Transfers to other funds	(325,116)	(201,837)	(283,329)	(306,485)	(610,661)	(550,631)	(587,152)	(371,979)	(545,141)	(1,016,547)
Transfers from other funds	-	-	-	-	-	-	-	-	-	1,016,547
Capital lease obligations issued	-	347,355	346,871	389,423	439,107	634,627	624,169	-	-	-
Total other financing sources (uses)	\$ 7,204,884	\$ 5,835,968	\$ 63,542	\$ 7,794,204	\$ (171,554)	\$ 134,803	\$ 8,914,553	\$ (371,979)	\$ (545,141)	\$ 17,754,429
Net change in fund balances	\$ 5,590,480	\$ 3,391,017	\$ (2,671,635)	\$ 9,954,209	\$ 1,354,048	\$ 575,311	\$ 8,325,547	\$ (3,255,849)	\$ 1,768,272	\$ 20,291,990
Debt services as a percentage of noncapital expenditures	15.3%	13.1%	15.2%	16.9%	17.5%	16.7%	18.5%	14.0%	13.3%	10.9%

Table 5

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

Fiscal Year	Taxes & Licenses	Permits & Fees	Inter-Governmental	Sales & Services	Investment Earnings	Misc.	Fiscal Year Total
2011	\$19,011,835	\$1,321,955	\$ 6,023,569	\$ -	\$ 49,598	\$ 818,577	\$27,225,534
2012	21,846,912	1,408,461	6,479,068	891,102	25,486	443,950	31,094,979
2013	22,721,750	1,527,471	6,218,747	-	20,654	1,592,672	32,081,294
2014	23,767,176	1,769,277	6,811,701	160,000	7,989	552,721	33,068,864
2015	25,946,002	1,617,787	7,211,681	-	21,420	1,024,226	35,821,116
2016	27,787,065	1,697,378	7,536,692	-	112,565	912,116	38,045,816
2017	29,273,737	1,829,843	7,333,116	-	326,502	1,054,906	39,818,104
2018	30,632,273	2,001,012	7,425,465	2,139,835	740,424	824,035	43,763,044
2019	31,683,412	2,085,808	12,754,180	-	1,242,792	1,061,941	48,828,133
2020	36,189,296	2,426,671	9,130,870	170,828	857,781	1,200,929	49,976,375



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

Table 6

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

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Value*	Total Direct Tax Rate **
2011	\$ 4,211,239,139	\$ 766,784,648	\$ 39,458,282	\$ 5,017,482,069	\$ 0.2900
2012	5,292,773,189	774,138,775	49,471,036	6,116,383,000	0.2825
2013	5,340,576,543	828,962,651	51,526,646	6,221,065,840	0.2825
2014	5,314,961,977	805,435,256	62,854,802	6,183,252,035	0.2825
2015	5,303,300,862	858,232,294	65,929,466	6,227,462,622	0.3050
2016	5,500,911,354	927,914,269	71,726,180	6,500,551,803	0.3050
2017	5,626,221,010	984,770,426	76,436,105	6,687,427,541	0.3050
2018	5,807,942,173	1,010,222,949	77,658,485	6,895,823,607	0.3050
2019	6,008,846,502	1,058,640,885	85,360,810	7,152,848,197	0.3050
2020	8,380,929,151	1,175,683,030	89,313,236	9,645,925,417	0.2400

Source: Mecklenburg County Tax Assessor's Office

*Total assessed values are net of abatements

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

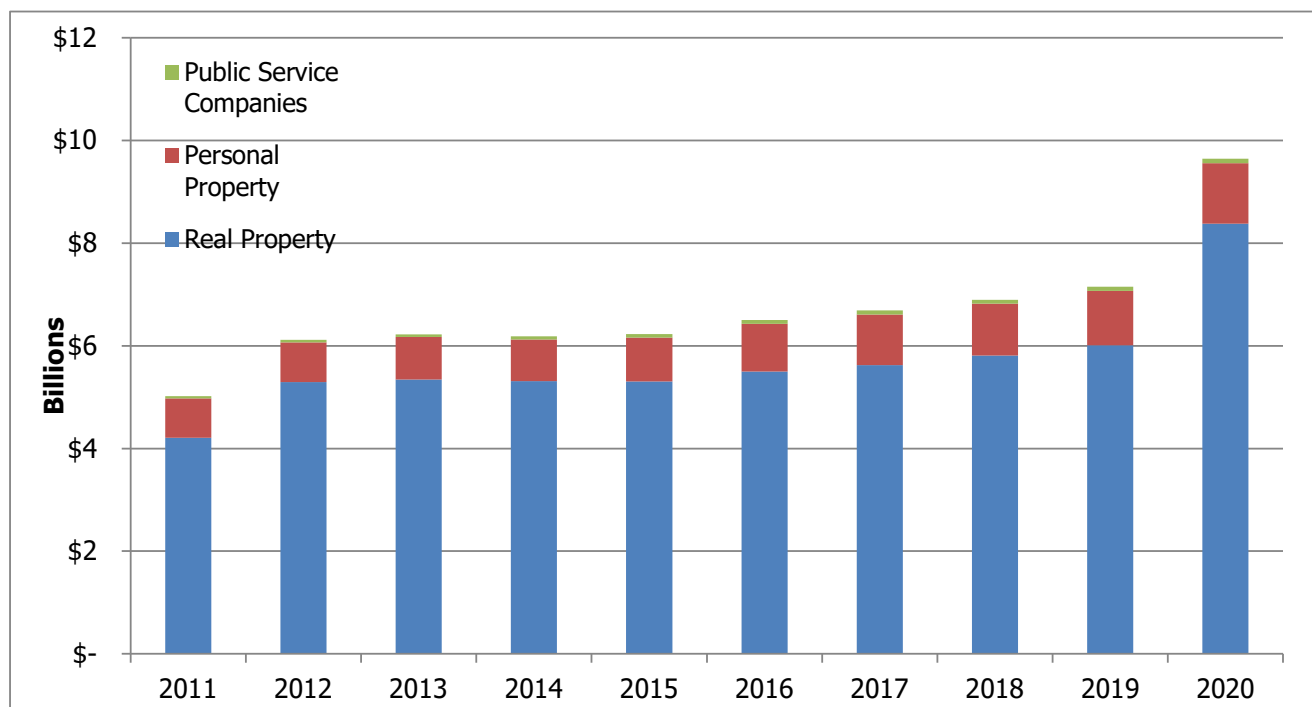
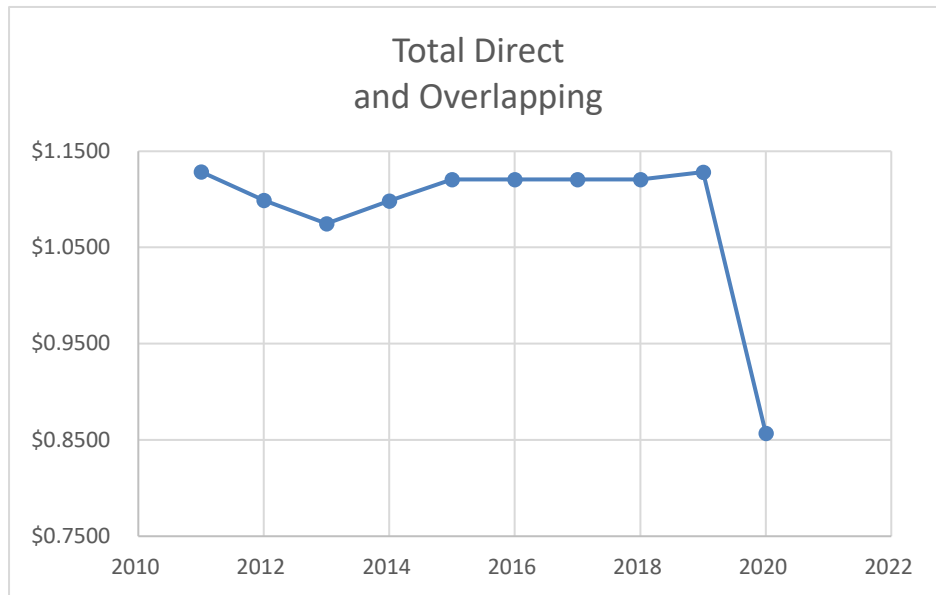


Table 7

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

<u>Fiscal Year</u>	<u>Town of Huntersville Operating Rate</u>	<u>Mecklenburg County County Rate</u>	<u>Total Direct and Overlapping</u>
2011	\$ 0.2900	\$ 0.8387	\$ 1.1287
2012	0.2825	0.8166	1.0991
2013	0.2825	0.7922	1.0747
2014	0.2825	0.8157	1.0982
2015	0.3050	0.8157	1.1207
2016	0.3050	0.8157	1.1207
2017	0.3050	0.8157	1.1207
2018	0.3050	0.8157	1.1207
2019	0.3050	0.8232	1.1282
2020	0.2400	0.6169	0.8569



Source: Mecklenburg County Tax Collector's Office

Note: Direct and Overlapping rate applies to all Town properties, as all Town properties are also subject to the Mecklenburg County tax rate. There are no special district rates within the Town of Huntersville.

Table 8

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

		2020		
Rank	Taxpayer	Type of Business	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
1	Northcross Land & Development LLC	Office Park	\$ 132,650,474	1.38%
2	DDRTC Birkdale Village LLC	Retail Leasing	123,331,644	1.28%
3	Park Huntersville Partners LLC	Business Park	70,488,900	0.73%
4	Joe Gibbs Racing Inc	NASCAR	69,038,187	0.72%
5	Southwire	Manufacturer	55,160,060	0.57%
6	PACTIV LLC	Industrial Manufacturer	51,723,604	0.54%
7	Arium Lake Norman Owner LLC	Apartment Leasing	46,184,872	0.48%
8	The Collection at The Park LLC	Apartment Leasing	44,596,000	0.46%
9	CSP Community Owner LLC	Apartment Leasing	43,363,600	0.45%
10	Piedmont Natural Gas	Utility	41,113,896	0.43%
Totals			<u>\$ 677,651,237</u>	<u>7.03%</u>

		2010		
Rank	Taxpayer	Type of Business	Taxable Assessed Value	Percentage of Total Taxable Assessed Value
1	Bank of America	Business Park	\$ 85,337,100	1.74%
2	DDRTC Birkdale Village LLC	Retail Leasing	48,455,300	0.99%
3	Joe Gibbs Racing Inc	NASCAR	41,219,212	0.84%
4	Prairie Packaging Inc.	Industrial Manufacturing	36,403,181	0.74%
5	Northcross Land & Development LLC	Office Park	31,237,200	0.64%
6	CSP Community Owner LLC	Apartment Leasing	21,635,000	0.44%
7	Northcross Marquis, LP	Distribution Center	20,882,000	0.43%
8	G Partnership	Apartment Leasing	15,319,900	0.31%
9	Piedmont Natural Gas	Utility	15,048,095	0.31%
10	The Realty Associates Fund VII, LP	Real Estate	14,782,600	0.30%
			<u>\$ 330,319,588</u>	<u>6.74%</u>

Source: Mecklenburg County Office of the Tax Collector

Table 9

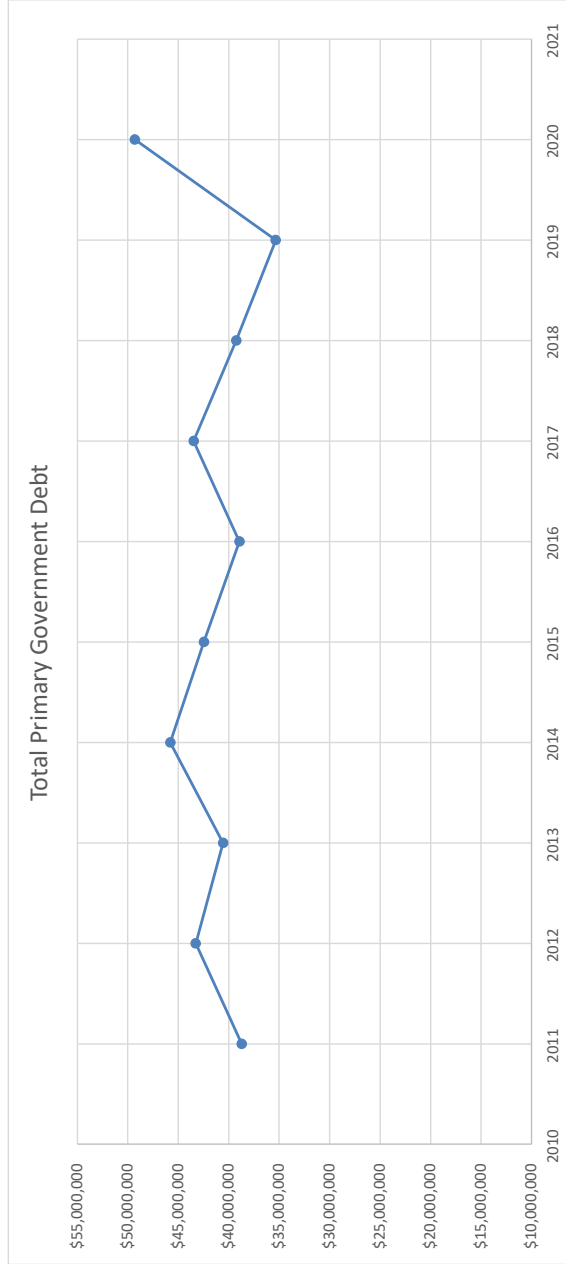
**Town of Huntersville
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year Ended June 30	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2011	\$ 14,550,698	\$ 14,217,321	97.71%	\$ 290,139	\$ 14,507,460	99.70%
2012	17,278,782	16,827,532	97.39%	434,217	17,261,749	99.90%
2013	17,574,511	17,305,732	98.47%	242,400	17,548,132	99.85%
2014	17,467,687	17,305,232	99.07%	134,463	17,439,695	99.84%
2015	18,993,761	18,806,092	99.01%	152,694	18,958,786	99.82%
2016	19,826,683	19,747,521	99.60%	47,264	19,794,785	99.84%
2017	20,396,654	20,325,588	99.65%	32,722	20,358,310	99.81%
2018	21,032,262	20,964,058	99.68%	27,141	20,991,199	99.80%
2019	21,816,135	21,756,075	99.72%	28,663	21,784,738	99.86%
2020	23,150,221	22,978,652	99.26%	-	22,978,652	99.26%

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

**Town of Huntersville
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years**

Fiscal Year	Governmental				Business-type				Total Primary Government	Per Capita	Debt Per Capita as % of Median Income	Population
	General Obligation Bonds	Bond Premium	Installment Financings & LOBS	Capital Leases	General Obligation Bonds	Bond Premium	Installment Financings & LOBS	Capital Leases				
2011	\$ 15,385,000	-	\$ 21,040,467	\$ 92,686	\$ -	-	\$ 2,120,860	\$ 70,213	\$ 38,709,226	824	1.63%	46,994
2012	14,905,000	1,617,775	24,696,393	228,335	-	1,786,777	37,450	43,271,730	893	1.74%	48,463	
2013	14,200,000	1,438,022	23,081,287	342,940	-	1,500,380	2,988	40,565,617	809	1.55%	50,141	
2014	21,095,000	1,369,535	21,120,226	371,996	500,000	1,259,780	-	45,792,377	875	1.63%	52,309	
2015	19,975,000	1,178,655	19,110,399	420,588	470,000	1,022,940	208,189	42,454,027	789	1.41%	53,821	
2016	18,707,000	987,775	17,226,753	574,551	440,000	789,920	159,181	38,945,852	700	1.23%	55,602	
2017	25,341,000	1,673,449	14,749,280	623,977	410,000	560,720	62,213	43,473,727	761	1.28%	57,145	
2018	23,584,000	1,394,914	13,323,474	208,595	380,000	331,520	4,691	39,272,698	660	1.07%	59,494	
2019	21,856,000	1,116,379	11,888,854	-	350,000	106,140	-	35,355,293	578	0.90%	61,220	
2020	34,917,000	3,528,070	10,504,994	-	325,000	30,336	-	49,305,400	789	N/A	62,528	

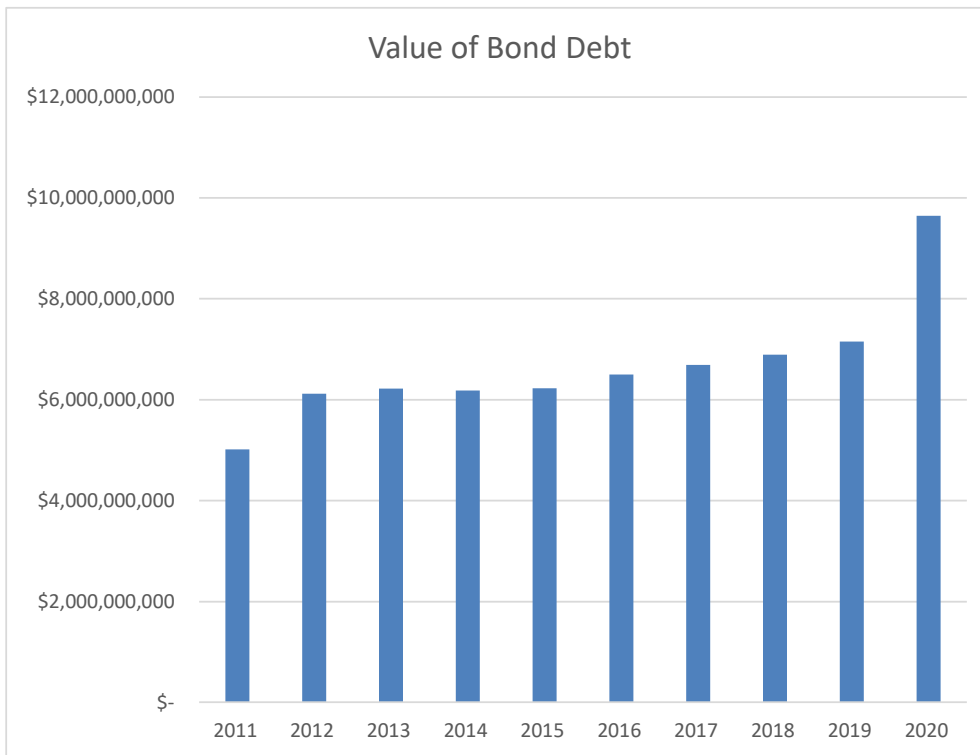


Note 1: Details regarding the city's outstanding debt can be found in the Town's financial statements.
 Note 2: Debt excludes LEO separation allowances and compensated absences.
 Note 3: Population amounts are as of July 1 of the fiscal year.
 Note 4: Percentage of Per capita calculation are based on median household income, 2020 Median Family Income not yet available

Table 11

**Town of Huntersville
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years**

Fiscal Year	General Obligation Bonds	Assessed Value	Ratio of Bonded Debt To Assess Value	Population	GO Debt Per Capita
2011	\$ 15,385,000	\$ 5,017,482,069	0.31%	46,994	327
2012	14,905,000	6,116,383,000	0.24%	48,463	308
2013	14,200,000	6,221,065,840	0.23%	50,141	283
2014	21,595,000	6,183,252,035	0.35%	52,309	413
2015	20,445,000	6,227,462,622	0.33%	53,821	380
2016	19,147,000	6,500,551,803	0.29%	55,602	344
2017	25,751,000	6,687,427,541	0.39%	57,145	451
2018	23,964,000	6,895,823,607	0.35%	59,494	403
2019	23,000,795	7,152,848,197	0.32%	61,220	376
2020	38,620,655	9,645,925,417	0.40%	62,528	618



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

**Town of Huntersville
Direct and Overlapping Governmental Activities Debt
As of June 30, 2020**

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
<i>Towns:</i>			
Huntersville (1)	\$ 48,950,064	100%	\$ 48,950,064
<i>Counties:</i>			
Mecklenburg County (2)	<u>1,649,141,187</u>	5.48%	<u>90,372,937</u>
Total direct and overlapping debt	<u>\$ 1,698,091,251</u>		<u>\$ 139,323,001</u>

Sources:

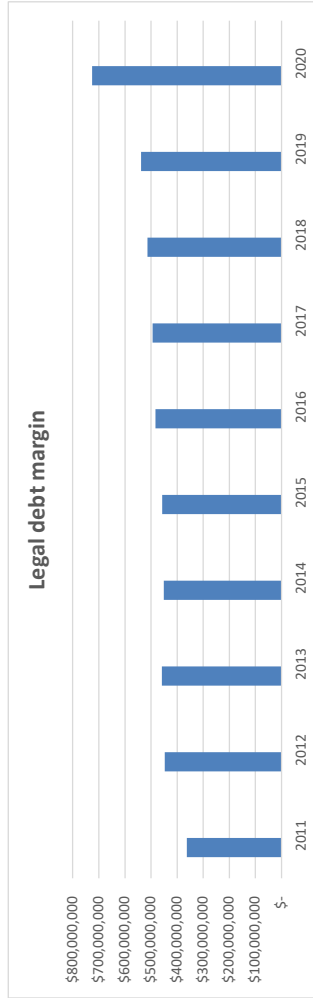
- (1) Audited annual financial reports
- (2) Mecklenburg County finance department

NOTE: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the town. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the citizens of the Town of Huntersville. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the citizens should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

The Estimated Percentage Applicable represents the Town's proportionate share of County debt based upon the Town's percentage of the total County assessed value.

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Assessed Value of Property	\$5,017,482,069	\$6,116,383,000	\$6,221,065,840	\$6,183,252,035	\$6,227,462,622	\$6,500,551,803	\$6,687,427,541	\$6,895,823,607	\$7,152,848,197	\$9,645,925,417
Debt Limit, 8% of Assessed Value (Statutory Limitation)	<u>401,398,566</u>	<u>489,310,640</u>	<u>497,685,267</u>	<u>494,660,163</u>	<u>498,197,010</u>	<u>520,044,144</u>	<u>534,994,203</u>	<u>551,665,889</u>	<u>572,227,845</u>	<u>771,674,033</u>
Debt applicable to debt limitations: Total bonded debt	15,385,000	14,905,000	14,200,000	21,595,000	20,445,000	19,147,000	25,751,000	23,964,000	22,206,000	35,242,000
Debt not evidenced by bonds	23,161,327	26,483,170	24,581,667	22,380,006	20,133,339	18,016,673	15,310,000	13,654,994	11,994,994	10,504,994
Statutory Deductions	(15,385,000)	(14,905,000)	(14,200,000)	(21,595,000)	(20,445,000)	(19,147,000)	(25,751,000)	(23,964,000)	(22,206,000)	(35,242,000)
Total debt applicable to limitations	<u>(23,161,327)</u>	<u>(26,483,170)</u>	<u>(24,581,667)</u>	<u>(22,380,006)</u>	<u>(20,133,339)</u>	<u>(18,016,673)</u>	<u>(15,310,000)</u>	<u>(13,654,994)</u>	<u>(11,994,994)</u>	<u>(10,504,994)</u>
Legal debt margin	<u>\$ 362,852,239</u>	<u>\$ 447,922,470</u>	<u>\$ 458,903,600</u>	<u>\$ 450,685,157</u>	<u>\$ 457,618,671</u>	<u>\$ 482,880,471</u>	<u>\$ 493,933,203</u>	<u>\$ 514,046,895</u>	<u>\$ 538,026,851</u>	<u>\$ 725,927,039</u>
Total net debt applicable to the limit as a percentage of debt limit	5.8%	5.4%	4.9%	4.5%	4.0%	3.5%	2.9%	2.5%	2.1%	1.4%



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

**Town of Huntersville
Demographic and Economic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population *	Total Personal Income **	Per Capita Personal Income***	School Enrollment****	Unemployment Rate*****	Median Household Income*****
2011	46,994	\$ 6,305,419,950	\$ 27,158	134,175	6.6%	\$ 50,502
2012	48,463	6,627,169,861	27,385	136,747	5.8%	51,371
2013	50,141	7,008,307,852	27,884	139,772	5.0%	52,250
2014	52,309	7,452,253,994	39,446	142,466	3.7%	53,657
2015	53,821	7,754,906,427	47,217	144,087	4.1%	55,775
2016	55,602	Not Available	Not Available	146,140	3.4%	56,854
2017	57,145	Not Available	Not Available	147,910	3.2%	59,268
2018	59,494	Not Available	Not Available	147,359	3.4%	61,695
2019	61,220	Not Available	Not Available	147,352	3.5%	64,312
2020	62,528	Not Available	Not Available	146,887	6.4%	Not Available

Sources:

* NC Office of State Demographer

** Total Personal Income for the Town is calculated as Per Capita Income times Population

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

**** Mecklenburg County School Systems

***** NC Dept of Commerce, Employment Security Commission

*****US Census Bureau, Mecklenburg County Data, Town of Huntersville Data not available
2020 Median family income is not available.

Table 15

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

Employer	2020		
	Employees	Rank	Percentage of Total Town Employment
McGuire Nuclear Station (Duke Energy)	1200	1	1.92%
Novant Health	700	2	1.12%
Joe Gibbs Racing	650	3	1.04%
Metrolina Greenhouses	650	4	1.04%
Reynolds Consumer Products	570	5	0.91%
Rubbermaid	400	6	0.64%
Ensemble Health Partners	400	7	0.64%
Forbo Siegling, LLC	322	8	0.51%
Walmart	300	9	0.48%
GM Financial	300	10	0.48%
	5492		8.78%

Employer	2019		
	Employees	Rank	Percentage of Total Town Employment
McGuire Nuclear Station (Duke Energy)	1600	1	2.61%
Novant Health	700	2	1.14%
Joe Gibbs Racing	650	3	1.06%
Metrolina Greenhouses	650	4	1.06%
Rubbermaid	400	5	0.65%
Ensemble Health Partners	400	6	0.65%
Forbo Siegling, LLC	322	7	0.53%
Pactiv	315	8	0.51%
Walmart	300	9	0.49%
Saertex	220	10	0.36%
	5,557		9.08%

Note: Information obtained from Lake Norman Regional Economic Development Corporation
Information includes Employers in the Town's Extra-Territorial Jurisdiction
Additional detail not available.

**Town of Huntersville
Employee Position Budgeted by Function
Last Ten Fiscal Years**

Function	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Administration	6	6	6	7	8	7	7	7	7	7
Finance	5	5	5	5	5	5	5	5	5	5
Planning, Transportation, Legal	12	12	12	12	12	12	12	12	13	14
Public Works / Engineering	10	12	14	15	15	17	17	21	26	26
Parks and Recreation	19	19	19	20	20	21	21	23	23	23
Police	91	91	92	92	92	94	99	102	110	110
	<u>143</u>	<u>145</u>	<u>148</u>	<u>151</u>	<u>152</u>	<u>156</u>	<u>161</u>	<u>170</u>	<u>184</u>	<u>185</u>

Source: Town of Huntersville Annual Budget

**Town of Huntersville
Operating Indicators by Function
Last Ten Fiscal Years**

Function	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police *										
Violent crimes	68	85	50	57	73	61	59	73	72	*
Property crimes	1,026	1,064	922	1,004	899	1,141	979	906	905	*
Fire										
Number of calls for service ***	2,000	2,510	2,899	3,166	3,477	3,743	4,742	6,542	6,734	*
Parks & Recreation										
Park and Facility Visits	1,156,770	1,241,173	1,329,140	1,314,614	1,307,807	1,361,483	1,393,579	1,423,549	1,500,055	1,416,029
Program and Event Participants	16,628	25,378	22,171	26,972	24,365	27,393	28,203	38,567	37,892	18,775
Baseball and Softball Games Played	3,407	3,411	3,156	3,768	3,402	3,621	4,016	4,244	4,091	2,452
Public Works										
Residential solid waste collection	16,100	16,415	16,729	17,073	17,461	17,678	18,190	18,761	19,144	19,677
Residential units	12,120.00	12,843.00	12,638.00	13,414.11	13,699.61	13,831.93	14,466.70	14,413.65	16,228.60	15,811.30
Tons of municipal waste	3,833.00	4,170.00	4,057.00	4,148.45	3,404.63	3,460.78	3,780.84	4,245.41	4,296.45	4,268.42
Tons recycled	5,696.00	4,331.00	5,111.00	5,368.29	5,580.93	5,056.62	4,093.06	5,360.22	4,799.34	5,323.69
Tons yard waste collected										
Planning										
Corporate Limits (square miles)	40.21	40.21	40.25	40.51	40.57	40.74	40.87	41.14	41.5	41.75
Extra-Territorial Jurisdiction (sq miles)	23.25	23.25	23.21	22.95	22.89	22.72	22.59	22.32	21.92	21.71
Electric										
Number of customers	4,263	4,433	4,577	4,733	4,898	5,053	5,570	5,805	6,476	6,886
Number of KWh purchased	172,728,350	174,513,112	193,710,324	208,194,769	212,658,310	229,012,481	239,025,743	243,891,914	249,094,602	246,565,420
Number of KWh sold	168,067,634	168,494,771	185,570,569	202,262,450	205,137,386	221,343,918	231,128,693	234,471,254	242,221,786	240,211,629
Huntersville Family Fitness & Aquatics Center										
Number of Members	DNA	DNA	6,400	8,806	10,437	9,844	7,834	8,799	9,311	8,224
Number of Visitors	20,953	24,375	24,207	17,326	20,248	23,728	22,172	24,627	24,116	17,752

Sources: Various government departments.

NOTE: *Police and Fire statistics are for calendar, not fiscal years; 2020 data not yet available.

** For 2013, 2014, and 2015, arrests by citations and warrant service are not included.

*** 2007-2010 Data for Station 1; 2011 - 2016 data represents calls for service after the merger with Gilead Fire Department.

**Town of Huntersville
Capital Asset Statistics by Function
Last Ten Fiscal Years**

Function	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Public safety										
Police stations	1	1	1	1	1	1	1	1	1	1
Fire stations	2	3	3	3	3	3	3	4	4	4
Public Works										
Highways and streets										
Streets (miles)	171.63	180.79	187.82	192.9	195.9	200.31	205.72	207.08	207.55	211.02
Parks and Recreation										
Parks	15	15	15	15	15	15	15	15	15	15
Acres	461	461	461	461	461	461	461	461	461	461
Park Trail Mileage	11	11	11	11	11	11	11	11	11	12.5
Soccer Fields	15	15	15	15	15	15	15	14	14	14
Ball Fields	17	17	17	17	17	17	17	19	19	19
Tennis Courts	13	13	13	13	13	13	13	13	13	21
Playgrounds	12	12	12	12	12	12	12	12	12	12
Interlocal Agreements	5	5	5	5	5	5	6	8	8	10
Aquatic Facility	1	1	1	1	1	1	1	1	1	1
Indoor Pools	2	2	2	2	2	2	2	2	2	2
Outdoor Pool	1	1	1	1	1	1	1	1	1	1
Electric Distribution lines (in miles)	75	77.5	84	86.5	89	92	94	96.5	98	133

Data provided by Town Staff



COMPLIANCE SECTION



MARTIN STARNES & ASSOCIATES, CPAs, P.A.

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

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

Independent Auditor's Report

To the Board of Commissioners
Town of Huntersville
Huntersville, North Carolina

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to the financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Huntersville, North Carolina, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Town of Huntersville's basic financial statements, and have issued our report thereon dated October 30, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Huntersville's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Town of Huntersville'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 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 Huntersville's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 30, 2020

MARTIN STARNES

& ASSOCIATES, CPAs, P.A.

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

Report on Compliance for Each Major State Program; Report on Internal Control Over Compliance Required by Uniform Guidance and the State Single Audit Implementation Act

Independent Auditor's Report

To the Board of Commissioners
Town of Huntersville
Huntersville, North Carolina

Report on Compliance for Each Major State Program

We have audited the Town of Huntersville, North Carolina's compliance with the types of compliance requirements described in the *Audit Manual for Government Auditors in North Carolina*, issued by the Local Government Commission that could have a direct and material effect on each of the Town of Huntersville's major state programs for the year ended June 30, 2020. The Town of Huntersville'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 state statutes, regulations, and the terms and conditions of its state awards applicable to its state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Huntersville'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 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), as described in the *Audit Manual for Governmental Audits in North Carolina* and the state Single Audit Implementation Act. Those standards, Uniform Guidance, and the State Single Audit Implementation Act require that we plan and perform the audit to obtain reasonable assurance about whether non-compliance with the types of compliance requirements referred to above that could have a direct and material effect on a major state program occurred. An audit includes examining, on a test basis, evidence about the Town of Huntersville'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 Huntersville's compliance.

Opinion on Each Major State Program

In our opinion, the Town of Huntersville 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, 2020.

Report on Internal Control Over Compliance

Management of the Town of Huntersville 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 Huntersville's internal control over compliance with the types of requirements that could have a direct and material effect on each major state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major state program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control over compliance.

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

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

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 30, 2020

TOWN OF HUNTERSVILLE, NORTH CAROLINA

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2020**

1. Summary of Auditor's Results

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP:	Unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Non-compliance material to financial statements noted?	No

State Awards

Internal control over state programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major state programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance the State Single Audit Implementation Act?	No

Identification of major state programs:

Program Name

Powell Bill

2. Financial Statement Findings

None reported.

3. State Award Findings and Questioned Cost

None reported.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

**SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2020**

None reported.

TOWN OF HUNTERSVILLE, NORTH CAROLINA

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2020**

<u>Federal/State Program Program Title</u>	<u>Federal CFDA Number</u>	<u>State/ Pass-Through Grantor's Number</u>	<u>Fed. (Direct & Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Pass-Through to Subrecipients</u>
<u>Federal Assistance</u>					
<u>U.S. Environmental Protection Agency</u>					
Passed through NC Dept of Environment Quality					
Nonpoint Source Implementation Grants	66.460	6193	\$ 3,526	\$ -	\$ -
<u>U.S. Department of Justice</u>					
Equitable Sharing Program	16.922		54,291	-	-
<u>U.S. Department of Transportation</u>					
Passed through NC Dept of Transportation					
Highway Planning and Construction Cluster:					
Highway Planning and Construction	20.205	WBS 46453.2.1 WBS 46453.3.1	479,304	-	-
Total Highway Planning and Construction Cluster			479,304	-	-
Passed through NC Dept of Public Safety					
Highway Safety Cluster:					
State and Community Highway Safety	20.600	WBS 22019.6.5	54,437	-	-
Total Highway Safety Cluster			54,437	-	-
<u>U.S. Department of Treasury</u>					
Passed through Mecklenburg County					
COVID 19- Coronavirus Relief Fund	21.019		60,689	-	-
<u>U.S. Department of Homeland Security</u>					
National preparedness goal	97.067		11,315	-	-
Total Federal Assistance			\$ 663,562	\$ -	\$ -
<u>State Assistance</u>					
<u>North Carolina Department of Transportation</u>					
Powell Bill	N/A	DOT-4		\$ 2,083,826	\$ -
Economic Development (Highway Fund Only)	N/A	DOT-18		400,000	-
Total North Carolina Department of Transportation				2,483,826	-
<u>North Carolina Department of Health and Human Services</u>					
Ocular Melanoma	N/A	NCAS 2000434767		13,702	-
<u>North Carolina Department of Cultural and National Resources</u>					
2018-2019 Legislatively Directed Grant	N/A	536624		8,154	-
Total State Assistance				\$ 2,505,682	\$ -

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and State grant activity of the Town of Huntersville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2020. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Huntersville, it is not intended to and does not present the financial position, changes in net position or cash flows of the Town of Huntersville.

Note 2 - Summary of Significant Accounting Policies

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

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

Note 4: Coronavirus Relief Funds

Huntersville received \$60,689 of funding from the Coronavirus Relief Fund (21.019) from Mecklenburg County. Municipalities are considered subrecipients of the Counties. CRF must be spent during the period March 1, 2020 to December 30, 2020.

