

REVIEWED

By SLGFD at 9:36 am, Nov 04, 2021

TOWN OF CORNELIUS NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

TOWN OF CORNELIUS NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2021

**PREPARED BY:
FINANCE DEPARTMENT**

**FINANCE DIRECTOR:
JULIE NISWONGER**



TOWN OF CORNELIUS, NORTH CAROLINA
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2021

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INTRODUCTORY SECTION





October 22, 2021

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

State law requires that all municipal local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the annual comprehensive financial report of the Town of Cornelius for the fiscal year ended June 30, 2021 is hereby issued.

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

Martin Starnes & Associates, CPAs, PA, a licensed certified public accounting firm, has audited the Town of Cornelius' financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Cornelius for the fiscal year ended June 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Cornelius' financial statements for the fiscal year ended June 30, 2021, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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



The Town was incorporated in 1905 and serves a population of 31,489. The Town enjoys a mild climate and benefits from proximity to the Charlotte major metropolitan market for tourism and race or lake themed activities, shopping, and employment opportunities. The Town also participates in many regional economic initiatives with nearby neighbors on Lake Norman including Huntersville and Davidson.

The Town operates under the Council-Manager form of government. The Town is governed by a mayor and five commissioners elected on an at-large, non-partisan basis every two years. The next election is scheduled for November 2, 2021.

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

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

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

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



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

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

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

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

The Town of Cornelius' budget process begins in December with the development of the capital improvement program (CIP). The CIP is a multi-year forecasting tool that shows capital costs by function in each respective year of the forecast period. The CIP is presented early in the budget process at the

annual budget workshop with the Town Board and includes the estimated impact on future years' operating budget. The CIP consists of all expenditures for equipment, vehicles, and construction for all funds. All expenditures exceeding \$50,000 or higher are included in the CIP.



The operating budget, consisting of segments for salaries and benefits, operating costs, transfers, and support to outside agencies is sent to department managers in January. Each department submits recommended goals with funding requests to the budget team (consisting of Town Manager, Finance Director, Deputy Town Manager, and Assistant Town Manager) at the end of January. The first review of the budget is presented to the Town Board at a budget workshop in March. The budget proposal is tweaked during numerous budget discussions, and

the Town Manager makes a final budget presentation to the Board in May. The Town Board calls for a budget public hearing in May/June, and following the public comment period, the Town Board adopts the annual budget ordinance, including setting the property tax rate for the year. While the original budget ordinance is adopted in June, throughout the fiscal year, the Board has the authority to make mid-year budget adjustments for personnel, operating, and capital.

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

Specific to the fiscal 2022 budget, the Town is pursuing several new projects. In the operating budget, the Town has funded the remaining half year portion for the 6 new Town firefighters. New capital initiatives funded in the FY 22 budget include Old Canal retaining wall project, purchase of a fire engine, parking lots, continued park and street bond improvements, and Willow Stream restoration project.

Factors Affecting Financial Condition

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

Local economy. The Town is largely (82%) a residential community, and continues to increase its efforts to diversify its tax base. While abundant lakefront communities contribute substantially to the Town tax base, there are also shopping centers, Charlotte Mecklenburg Schools, numerous medical and professional office buildings, and banking financial centers that provide varied employment opportunities.

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



Cornelius' economy and the Town budget continues to be influenced by the Comprehensive Master Plan. This document is expected to determine how we grow beyond our current population of 31,489 by updating land uses, and recommending capital improvements such as roads, sidewalks, greenways, and expanded park facilities.

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

capital cost effectively to future capital users. Also, in November 2018, Town voters approved another \$24 million bond referendum for road improvements.



The Comprehensive Master Plan document provides a guide to how the community of over 30,000 is planned to evolve in 2022 and beyond. The document contemplates future changes, such as continued implementation of the diverging diamond interchange, sidewalk connectivity, and greenway improvements to the Town Pedestrian Plan, and positive influence on new employment opportunities and community activity

centers.

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

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

Overall, the Town is meeting the demands of the present while constantly planning for the future using a variety of funding tools. As always, the Town of Cornelius places the priority consideration on preservation of high quality of life for its citizens.

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

Other Information

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cornelius for its annual comprehensive financial report for the fiscal year ended June 30, 2020. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

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

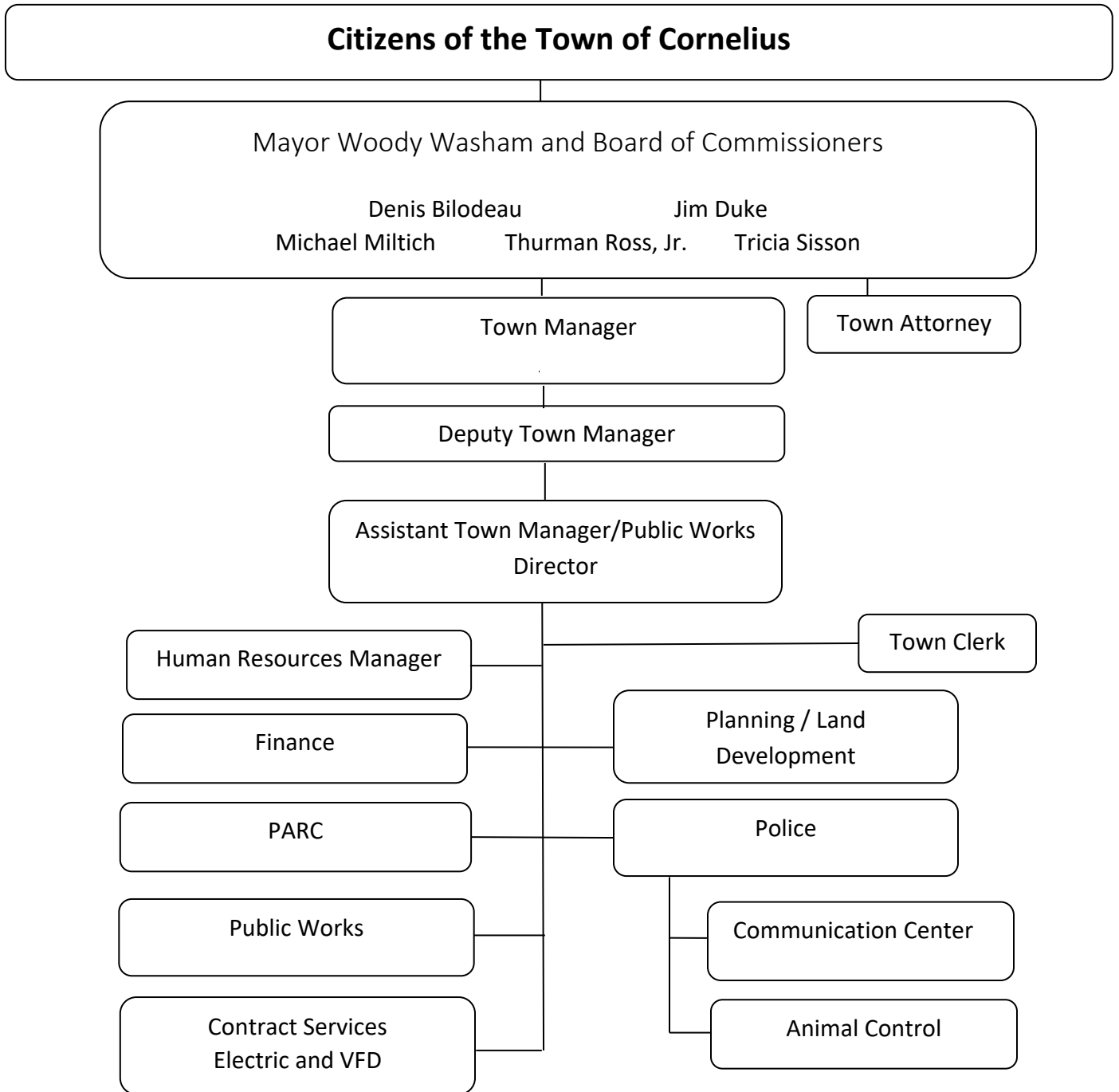
Respectfully submitted,

Julie Niswonger

Julie Niswonger
Finance Director

Town of Cornelius, North Carolina

Organizational Chart





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**Town of Cornelius
North Carolina**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

June 30, 2020

Christopher P. Morill

Executive Director/CEO

TOWN OF CORNELIUS, NORTH CAROLINA
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2021

LIST OF PRINCIPAL OFFICIALS

Elected Officials – Board of Commissioners

Mayor.....Woody Washam
Mayor Pro Tem/ Town Commissioner.....Denis Bilodeau
Town Commissioner.....Jim Duke
Town Commissioner.....Michael Miltich
Town Commissioner.....Thurman Ross Jr.
Town Commissioner.....Tricia Sisson

Town Appointed Officials

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

FINANCIAL SECTION



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

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

Independent Auditor's Report

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cornelius, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cornelius, North Carolina, as of June 30, 2021 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated October 22, 2021 on our consideration of the Town of Cornelius' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Town of Cornelius' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Cornelius' internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
October 22, 2021



Management's Discussion and Analysis

As management of the Town of Cornelius, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Cornelius for the fiscal year ended June 30, 2021. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

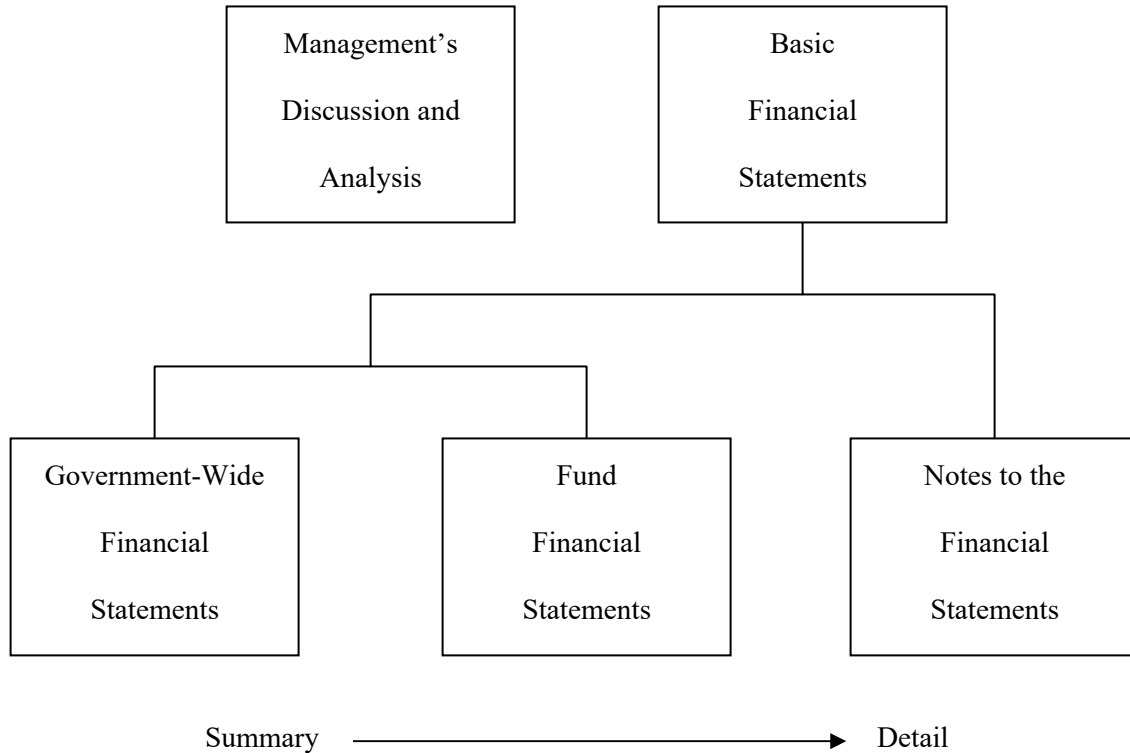
- The assets and deferred outflows of resources of the Town of Cornelius exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$96,253,023 (*net position*).
- The Town's net position increased by \$8,290,704, due to growth in capital assets in the amount of \$2.6M, better than anticipated revenue growth from sales tax, and other unrestricted revenue sources. Also, due to COVID-19, some capital projects were delayed such as the fire truck, fire boat, Old Canal Street stabilization, Legion Park drainage improvements, and Bailey Road Park lighting project.
- As of the close of the current fiscal year, the Town of Cornelius' governmental funds reported combined ending fund balances of \$45,439,709, with a net increase of \$4,130,891 in fund balance. Approximately 35.3 percent of this total amount, or \$16,033,028, is non-spendable or restricted.
- At the end of the current fiscal year, available fund balance for the General Fund was \$21,563,417, which represents 88.3 percent of total General Fund expenditures and transfers to other funds for the fiscal year.
- The Town of Cornelius' total debt decreased by \$1,155,630 (6.2%) during the current fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Reports

Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

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

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. The Town of Cornelius has two fiduciary funds, one of which is the Other Postemployment Benefits Trust Fund and one of which is the Law Enforcement Officer's Separation Allowance Trust Fund for reporting purposes. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the Town's programs.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 26 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Cornelius' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 71 of this report.

Interdependence with Other Entities

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

Government-Wide Financial Analysis

Town of Cornelius' Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Assets:						
Current and other assets	\$ 48,055,475	\$ 43,719,358	\$ 6,355,177	\$ 4,658,052	\$ 54,410,652	\$ 48,377,410
Capital assets, net	64,498,379	62,019,000	4,955,772	5,163,236	69,454,151	67,182,236
Total assets	<u>112,553,854</u>	<u>105,738,358</u>	<u>11,310,949</u>	<u>9,821,288</u>	<u>123,864,803</u>	<u>115,559,646</u>
Deferred Outflows of Resources	<u>3,404,941</u>	<u>2,312,288</u>	<u>-</u>	<u>-</u>	<u>3,404,941</u>	<u>2,312,288</u>
Liabilities:						
Long-term liabilities outstanding	26,275,985	26,511,594	250,000	25,728	26,525,985	26,537,322
Other liabilities	2,511,520	2,298,699	986,058	693,570	3,497,578	2,992,269
Total liabilities	<u>28,787,505</u>	<u>28,810,293</u>	<u>1,236,058</u>	<u>719,298</u>	<u>30,023,563</u>	<u>29,529,591</u>
Deferred Inflows of Resources	<u>993,158</u>	<u>380,024</u>	<u>-</u>	<u>-</u>	<u>993,158</u>	<u>380,024</u>
Net Position:						
Net investment in capital assets	54,717,996	52,710,712	4,705,772	5,137,508	59,423,768	57,848,220
Restricted	8,470,904	4,838,130	-	-	8,470,904	4,838,130
Unrestricted	<u>22,989,232</u>	<u>21,311,487</u>	<u>5,369,119</u>	<u>3,964,482</u>	<u>28,358,351</u>	<u>25,275,969</u>
Total net position	<u>\$ 86,178,132</u>	<u>\$ 78,860,329</u>	<u>\$ 10,074,891</u>	<u>\$ 9,101,990</u>	<u>\$ 96,253,023</u>	<u>\$ 87,962,319</u>

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Cornelius exceeded liabilities and deferred inflows of resources by \$96,253,023 as of June 30, 2021. The Town's net position increased by \$8,290,704 for the fiscal year ended June 30, 2021. However, a large portion (61.7%) reflects the Town's investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Cornelius uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Cornelius' net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the Town of Cornelius' net position, \$8,470,904, or (8.8%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$28,358,351 is unrestricted.

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

- The Town increased its net position as a result of capital projects during the year. Examples of capital expenditures during the year include, road maintenance, stream restoration, sidewalks, and annual vehicle purchases.
- The Town's property tax revenue, sales tax distributions, and utility franchise tax revenue all had a positive impact on the Town's cash position.

Town of Cornelius' Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program Revenues:						
Charges for services	\$ 1,268,609	\$ 1,125,629	\$ 6,518,361	\$ 6,466,617	\$ 7,786,970	\$ 7,592,246
Operating grants and contributions	1,866,626	2,195,182	-	-	1,866,626	2,195,182
Capital grants and contributions	1,841,981	2,211,276	-	-	1,841,981	2,211,276
General revenues:						
Property taxes	16,917,616	16,580,791	-	-	16,917,616	16,580,791
Other taxes	379,149	430,401	-	-	379,149	430,401
NCMPA rebate	-	-	1,106,535	742,202	1,106,535	742,202
Other - unrestricted	7,919,318	7,773,030	435	9,320	7,919,753	7,782,350
Total revenues	<u>30,193,299</u>	<u>30,316,309</u>	<u>7,625,331</u>	<u>7,218,139</u>	<u>37,818,630</u>	<u>37,534,448</u>
Expenses:						
General government	2,431,731	2,973,308	-	-	2,431,731	2,973,308
Public safety	11,361,905	10,906,466	-	-	11,361,905	10,906,466
Transportation	2,117,872	2,087,769	-	-	2,117,872	2,087,769
Environmental protection	2,316,606	2,191,485	-	-	2,316,606	2,191,485
Economic and physical development	1,022,687	987,670	-	-	1,022,687	987,670
Cultural and recreation	3,148,035	3,582,954	-	-	3,148,035	3,582,954
Interest on long-term debt	476,660	534,867	-	-	476,660	534,867
Electric	-	-	6,652,430	6,568,665	6,652,430	6,568,665
Total expenses	<u>22,875,496</u>	<u>23,264,519</u>	<u>6,652,430</u>	<u>6,568,665</u>	<u>29,527,926</u>	<u>29,833,184</u>
Change in net position	7,317,803	7,051,790	972,901	649,474	8,290,704	7,701,264
Net Position:						
Beginning of year, July 1	<u>78,860,329</u>	<u>71,808,539</u>	<u>9,101,990</u>	<u>8,452,516</u>	<u>87,962,319</u>	<u>80,261,055</u>
End of year, June 30	<u>\$ 86,178,132</u>	<u>\$ 78,860,329</u>	<u>\$ 10,074,891</u>	<u>\$ 9,101,990</u>	<u>\$ 96,253,023</u>	<u>\$ 87,962,319</u>

Governmental Activities. Governmental activities increased the Town's net position by \$7,317,803, thereby, accounting for 88.3% of the total growth in the net position of the Town of Cornelius. Key elements of this increase are as follows:

- The Town has increased its net position as a result of reduced capital expenditures as a result of COVID -19 and increased sales tax revenue. Other revenues showing positive trend lines include Ad Valorem and Utility Franchise Tax.
- Revenues continue to outpace expenditures in spite of our investment in capital assets, such as stream restoration and vehicle purchases.

Business-Type Activities. Business-type activities increased the Town of Cornelius' net position by \$972,901, accounting for 11.7% of the total growth in the government's net position. This increase in net position is due to a working capital refund from NCMPPA and delayed capital projects.

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Cornelius. At the end of the current fiscal year, fund balance available for the General Fund was \$21,563,417, while total fund balance reached \$25,928,859. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 88.3% of total General Fund expenditures and transfers to other funds, while total fund balance represents 106.1% of that same amount.

At June 30, 2021, the governmental funds of the Town of Cornelius reported a combined fund balance of \$45,439,709, with a net increase in fund balance of \$4,130,891. In addition to the General Fund, the Town's other governmental funds consists of the Emergency Telephone System Fund and various capital project funds. Fund balance in the Emergency Telephone System Fund was \$362,205, an increase of \$25,977, due to increases in the monthly distributions received from the NC 911 Board and a decrease in expenditures related to ethernet switch replacement. Fund balance in the Parks Bond Capital Project Fund was \$1,275,589 a decrease of \$381,755, largely due to completion of McDowell Creek Greenway. Fund balance in the Streets Bond Capital Project Fund was \$1,220,795 a decrease of \$1,162,546, due to completion of Nannie Potts Road and Bailey Road and NC Highway 115 intersection improvements. Fund balance in the Arts Center Capital Project Fund was \$2,221,272 a decrease of \$594,697, due to completion of the design phase for the Cain Center for the Arts. Fund balance in the 2018 Series Streets Bond Capital Project Fund was \$5,935,207 an increase of \$1,483, due to investment earnings. The combined major and nonmajor capital project funds reported fund balance of \$19,148,645 a decrease of \$1,022,211. Fund balance in the Capital Reserve Fund was \$6,876,952 an increase of \$1,117,222. The majority of the increase in the Capital Reserve Capital Project Fund was due to a large transfer as a result of a 1.5 cent property tax increase to fund road projects and interest earnings.

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

FY 2021 Revenues were budgeted more conservatively than in prior years due to the uncertainties from the COVID-19 pandemic. Examples of this include sales tax distributions (\$1,610,043), utility franchise tax (\$92,720), and Powell Bill (\$167,730). Expenditures were under budget in transportation due to delays in the following projects: Old Canal Street stabilization project and NCDOT road projects. Significant budget amendments during the year included a transfer to amend the Willow Pond Stream Restoration project and the use of asset forfeiture funds to purchase a K-9 and related equipment.

Proprietary Funds. The Town of Cornelius' proprietary fund provides the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to \$5,369,119. The total change in net position for the Electric Fund was an increase of \$972,901. The change in net position of the Electric Fund is a result of a working capital refund from NCMPSA and reduced capital expenses due to project delays largely from COVID-19.

Capital Assets and Debt Administration

Capital Assets. The Town of Cornelius' investment in capital assets for its governmental and business-type activities as of June 30, 2021 totals \$69,454,151 (net of accumulated depreciation). These assets include land, roads, buildings, machinery, equipment, vehicles, and park facilities.

Major capital transactions during the year are detailed below:

- Street and park bond design and construction expenditures.
- Police vehicles and related equipment.
- Utility bucket truck.

Town of Cornelius' Capital Assets (net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 9,228,819	\$ 9,228,819	\$ -	\$ -	\$ 9,228,819	\$ 9,228,819
Buildings and system	7,669,060	8,061,512	4,626,434	4,975,242	12,295,494	13,036,754
Equipment	1,882,615	2,084,700	49,190	52,161	1,931,805	2,136,861
Computer equipment	837,199	837,199	(65,430)	-	771,769	837,199
Infrastructure	30,823,428	30,261,631	-	-	30,823,428	30,261,631
Vehicles	1,240,809	1,545,551	345,578	135,833	1,586,387	1,681,384
Construction in progress	12,816,449	9,999,588	-	-	12,816,449	9,999,588
Total	<u>\$ 64,498,379</u>	<u>\$ 62,019,000</u>	<u>\$ 4,955,772</u>	<u>\$ 5,163,236</u>	<u>\$ 69,454,151</u>	<u>\$ 67,182,236</u>

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

Long-Term Debt. As of June 30, 2021, the Town of Cornelius had total bonded debt outstanding of \$12,450,000, all of which is debt backed by the full faith and credit of the Town. The remainder of the Town's debt represents installment financing contracts secured by specific collateral.

Town of Cornelius' Outstanding Debt
Figure 5

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
General obligation bonds	\$ 12,450,000	\$ 13,385,000	\$ -	\$ -	\$ 12,450,000	\$ 13,385,000
Premium on bonds	667,984	711,368	-	-	667,984	711,368
Direct placement installment purchases	4,078,545	4,480,063	250,000	25,728	4,328,545	4,505,791
Total	<u>\$ 17,196,529</u>	<u>\$ 18,576,431</u>	<u>\$ 250,000</u>	<u>\$ 25,728</u>	<u>\$ 17,446,529</u>	<u>\$ 18,602,159</u>

The Town of Cornelius' governmental activities total debt decreased by \$1,379,902 (7.4%) during the past fiscal year. The Town of Cornelius' business-type activities total debt increased by \$224,272 (871.7%) during the past fiscal year. During FY 21, the Town issued new direct placement installment purchases of \$1,588,000 for field lighting, utility bucket truck, and refund 2018 installment financing. Accounting standards require that the Town record the liability associated with other post-employment benefits of \$2,357,375. Finally, the Town's total annual debt service payments were made, resulting in principal reductions of \$2,700,246.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Cornelius is approximately \$592,804,920.

The Town continues to maintain less than 10% of the annual General Fund budget in debt service. Additional information regarding the Town of Cornelius' long-term debt can be found beginning on page 62 of this report.

Economic Factors and Next Year's Budgets and Rates

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

- *Ad Valorem Taxes:* The Town has adopted a 22.2 cent tax rate per \$100 of assessed valuation in FY 2022. The Town's ad valorem tax revenue increased marginally 2% in FY 21, and this is largely due to decreases in growth of the Town. The Town did not increase property taxes in FY 21.
- *Sales Tax and Franchise Tax.* The Town's sales tax receipts have a positive five-year trend line. FY 2021 represents the Town's highest amount of sales tax revenue at \$4,778,061. Finally, due to conservative budgeting for the pandemic, many unrestricted and restricted revenue sources came in higher than expected such as utility franchise, and Powell Bill revenue.

Budget Highlights for the Fiscal Year Ending June 30, 2022

Governmental Activities. The General Fund Budget totals \$26,182,521 (net of reconciling items, such as debt to be issued), which represents an increase of \$2,937,017 (or 13%) from FY 2021 estimated year-end expenditures. This increase is due partially to unfinished capital projects in FY 21 that now plan to be completed in FY 22, as well as, second year funding of 6 full time fire fighters, and additional capital improvements.

General Fund expenditures will continue to be heavily influenced by debt service on the Series 2015 and Series 2018 Park and Street Bonds. Capital funded in the upcoming fiscal year includes Old Canal St. regrading, replacement of a fire engine, North Main Street, Town Hall, and Catawba Avenue parking lots, police vehicles and Willow Pond stream restoration, which continues to illustrate our commitment to a high quality of life for Cornelius' citizens.

Business-Type Activities. In FY 2022 there is a customer rate increase of 4.49% in the Town's sole Enterprise Fund and there is a 4 cent REPS Rider rate increase. FY 22 is the second year of a new multi-year capital plan to allocate resources for much needed system upgrades and deferred maintenance that will enhance reliability and allow for growth, including pole repair and replacements, substation upgrades and land purchase for a new substation. ElectriCities also plans to increase operational and personnel costs in order to provide critically needed system maintenance, reliability, and growth.

Requests for Information

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

BASIC FINANCIAL STATEMENTS



TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and investments	\$ 35,827,332	\$ 5,476,491	\$ 41,303,823
Taxes receivable, net	228,237	-	228,237
Accounts receivable, net	2,695,053	784,559	3,479,612
Internal balances	199,007	(199,007)	-
Due from other governments	99,426	-	99,426
Prepaid items	145,978	253	146,231
Inventories	-	127,533	127,533
Restricted cash and cash equivalents	8,860,442	165,348	9,025,790
Total current assets	48,055,475	6,355,177	54,410,652
Non-current assets:			
Capital assets:			
Non-depreciable	22,045,268	-	22,045,268
Depreciable, net	42,453,111	4,955,772	47,408,883
Total capital assets	64,498,379	4,955,772	69,454,151
Total assets	112,553,854	11,310,949	123,864,803
Deferred Outflows of Resources:			
Pension deferrals	2,877,834	-	2,877,834
OPEB deferrals	527,107	-	527,107
Total deferred outflows of resources	3,404,941	-	3,404,941
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	2,234,372	820,710	3,055,082
Prepaid fees	153,157	-	153,157
Accrued interest	123,991	-	123,991
Customer deposits	-	165,348	165,348
Current portion of long-term liabilities	2,800,672	49,000	2,849,672
Total current liabilities	5,312,192	1,035,058	6,347,250
Long-term liabilities:			
Net pension liability - LGERS	3,700,997	-	3,700,997
Net pension liability - LEOSSA	2,077,397	-	2,077,397
Net OPEB liability	2,357,375	-	2,357,375
Non-current portion of compensated absences	188,737	-	188,737
Non-current portion of long-term liabilities	15,150,807	201,000	15,351,807
Total non-current liabilities	23,475,313	201,000	23,676,313
Total liabilities	28,787,505	1,236,058	30,023,563
Deferred Inflows of Resources:			
Pension deferrals	362,693	-	362,693
OPEB deferrals	630,465	-	630,465
Total deferred inflows of resources	993,158	-	993,158
Net Position:			
Net investment in capital assets	54,717,996	4,705,772	59,423,768
Restricted for:			
Stabilization by state statute	6,667,110	-	6,667,110
Public safety	359,498	-	359,498
Transportation	1,444,296	-	1,444,296
Unrestricted	22,989,232	5,369,119	28,358,351
Total net position	\$ 86,178,132	\$ 10,074,891	\$ 96,253,023

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	\$ 2,431,731	\$ 599,168	\$ 77,592	\$ -
Public safety	11,361,905	64,788	914,091	-
Transportation	2,117,872	-	750,982	-
Environmental protection	2,316,606	-	23,830	323,632
Economic and physical development	1,022,687	47,730	10,853	-
Cultural and recreation	3,148,035	556,923	89,278	1,518,349
Interest on long-term debt	476,660	-	-	-
Total governmental activities	<u>22,875,496</u>	<u>1,268,609</u>	<u>1,866,626</u>	<u>1,841,981</u>
Business-Type Activities:				
Electric Fund	<u>6,652,430</u>	<u>6,518,361</u>	<u>-</u>	<u>-</u>
Total primary government	<u>\$ 29,527,926</u>	<u>\$ 7,786,970</u>	<u>\$ 1,866,626</u>	<u>\$ 1,841,981</u>

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

	<u>Net Revenue (Expense) 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	\$ (1,754,971)	\$ -	\$ (1,754,971)
Public safety	(10,383,026)	-	(10,383,026)
Transportation	(1,366,890)	-	(1,366,890)
Environmental protection	(1,969,144)	-	(1,969,144)
Economic and physical development	(964,104)	-	(964,104)
Cultural and recreation	(983,485)	-	(983,485)
Interest on long-term debt	(476,660)	-	(476,660)
Total governmental activities	<u>(17,898,280)</u>	<u>-</u>	<u>(17,898,280)</u>
Business-Type Activities:			
Electric Fund	<u>-</u>	<u>(134,069)</u>	<u>(134,069)</u>
Total primary government	<u>(17,898,280)</u>	<u>(134,069)</u>	<u>(18,032,349)</u>
General Revenues:			
Taxes:			
Property tax	16,917,616	-	16,917,616
Other taxes and licenses	379,149	-	379,149
Unrestricted intergovernmental	7,799,041	-	7,799,041
Unrestricted investment earnings	120,277	435	120,712
NCMPA rebate	-	1,106,535	1,106,535
Total general revenues	<u>25,216,083</u>	<u>1,106,970</u>	<u>26,323,053</u>
Change in net position	7,317,803	972,901	8,290,704
Net Position:			
Beginning of year - July 1	<u>78,860,329</u>	<u>9,101,990</u>	<u>87,962,319</u>
End of year - June 30	<u>\$ 86,178,132</u>	<u>\$ 10,074,891</u>	<u>\$ 96,253,023</u>

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

TOWN OF CORNELIUS, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2021

	General Fund	Capital Reserve Fund	Parks Bond Capital Project Fund	Streets Bond Capital Project Fund	Arts Center Capital Project Fund	2018 Series Streets Bond Capital Project Fund	Other Governmental Funds	Total
Assets:								
Cash and investments	\$ 23,119,547	\$ 6,859,697	\$ -	\$ -	\$ 4,611,039	\$ -	\$ 1,237,049	\$ 35,827,332
Taxes receivable, net	228,237	-	-	-	-	-	-	228,237
Accounts receivable, net	1,176,424	-	1,190,596	1,694	-	-	326,339	2,695,053
Due from other governments	99,426	-	-	-	-	-	-	99,426
Due from other funds	2,943,614	17,255	138,607	-	-	-	773,155	3,872,631
Prepaid items	145,978	-	-	-	-	-	-	145,978
Restricted cash and cash equivalents	1,444,296	-	-	1,480,939	-	5,935,207	-	8,860,442
Total assets	<u>\$ 29,157,522</u>	<u>\$ 6,876,952</u>	<u>\$ 1,329,203</u>	<u>\$ 1,482,633</u>	<u>\$ 4,611,039</u>	<u>\$ 5,935,207</u>	<u>\$ 2,336,543</u>	<u>\$ 51,729,099</u>
Liabilities, Deferred Inflows of Resources and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	\$ 1,922,347	\$ -	\$ 53,614	\$ 257,743	\$ -	\$ -	\$ 668	\$ 2,234,372
Due to other funds	924,922	-	-	4,095	2,389,767	-	354,840	3,673,624
Prepaid fees	153,157	-	-	-	-	-	-	153,157
Total liabilities	<u>3,000,426</u>	<u>-</u>	<u>53,614</u>	<u>261,838</u>	<u>2,389,767</u>	<u>-</u>	<u>355,508</u>	<u>6,061,153</u>
Deferred Inflows of Resources:								
Unavailable taxes	<u>228,237</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>228,237</u>
Fund Balances:								
Non-spendable:								
Prepays	145,978	-	-	-	-	-	-	145,978
Restricted:								
Stabilization by state statute	4,219,464	17,255	1,329,203	1,694	-	-	1,099,494	6,667,110
Public safety	-	-	-	-	-	-	359,498	359,498
Transportation	1,444,296	-	-	1,480,939	-	5,935,207	-	8,860,442
Committed:								
Transportation	-	6,859,697	-	-	-	-	185,675	7,045,372
Culture and recreation	-	-	-	-	2,221,272	-	660,000	2,881,272
Assigned:								
Subsequent year's expenditures	889,140	-	-	-	-	-	-	889,140
Unassigned	<u>19,229,981</u>	<u>-</u>	<u>(53,614)</u>	<u>(261,838)</u>	<u>-</u>	<u>-</u>	<u>(323,632)</u>	<u>18,590,897</u>
Total fund balances	<u>25,928,859</u>	<u>6,876,952</u>	<u>1,275,589</u>	<u>1,220,795</u>	<u>2,221,272</u>	<u>5,935,207</u>	<u>1,981,035</u>	<u>45,439,709</u>
Total liabilities, deferred inflows of resources, and fund balances:	<u>\$ 29,157,522</u>	<u>\$ 6,876,952</u>	<u>\$ 1,329,203</u>	<u>\$ 1,482,633</u>	<u>\$ 4,611,039</u>	<u>\$ 5,935,207</u>	<u>\$ 2,336,543</u>	

Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:

Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	64,498,379
Deferred outflows of resources related to pensions are not reported in the funds.	2,877,834
Deferred outflows of resources related to OPEB are not reported in the funds.	527,107
Long-term liabilities, compensated absences, and interest payable are not due and payable in the current period and, therefore, are not reported in the funds.	(18,264,207)
Net pension liability - LGERS	(3,700,997)
Net pension liability - LEOSSA	(2,077,397)
Net OPEB liability	(2,357,375)
Deferred inflows of resources related to pensions are not reported in the funds.	(362,693)
Deferred inflows of resources related to OPEB are not reported in the funds.	(630,465)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be received within 90 days of year-end. These receivables are a component of net position in the Statement of Net Position.	228,237
Net position of governmental activities	<u>\$ 86,178,132</u>

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCES - GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2021

	General Fund	Capital Reserve Fund	Parks Bond Capital Project Fund	Streets Bond Capital Project Fund	Arts Center Capital Project Fund	2018 Series Streets Bond Capital Project Fund	Other Governmental Funds	Total
Revenues:								
Ad valorem taxes	\$ 16,943,009	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 16,943,009
Other taxes and licenses	379,149	-	-	-	-	-	-	379,149
Unrestricted intergovernmental	7,799,041	-	-	-	-	-	-	7,799,041
Restricted intergovernmental	1,625,586	-	1,518,349	-	-	-	458,674	3,602,609
Permits and fees	164,029	-	-	-	-	-	-	164,029
Sales and services	464,848	-	-	-	-	-	-	464,848
Investment earnings	97,162	17,255	15	663	243	1,483	3,456	120,277
Miscellaneous	745,730	-	-	-	-	-	-	745,730
Total revenues	<u>28,218,554</u>	<u>17,255</u>	<u>1,518,364</u>	<u>663</u>	<u>243</u>	<u>1,483</u>	<u>462,130</u>	<u>30,218,692</u>
Expenditures:								
Current:								
General government	2,113,605	-	-	-	-	-	-	2,113,605
Public safety	10,154,605	-	-	-	-	-	114,901	10,269,506
Transportation	1,359,987	-	-	1,163,209	-	-	-	2,523,196
Environmental protection	2,312,798	-	-	-	-	-	623,632	2,936,430
Economic and physical development	984,463	-	-	-	-	-	-	984,463
Cultural and recreation	2,889,085	-	1,900,119	-	594,940	-	2,097	5,386,241
Debt service:								
Principal	2,674,518	-	-	-	-	-	-	2,674,518
Interest	537,842	-	-	-	-	-	-	537,842
Total expenditures	<u>23,026,903</u>	<u>-</u>	<u>1,900,119</u>	<u>1,163,209</u>	<u>594,940</u>	<u>-</u>	<u>740,630</u>	<u>27,425,801</u>
Revenues over (under) expenditures	<u>5,191,651</u>	<u>17,255</u>	<u>(381,755)</u>	<u>(1,162,546)</u>	<u>(594,697)</u>	<u>1,483</u>	<u>(278,500)</u>	<u>2,792,891</u>
Other Financing Sources (Uses):								
Long-term debt issued	1,338,000	-	-	-	-	-	-	1,338,000
Transfers from other funds	-	1,099,967	-	-	-	-	302,559	1,402,526
Transfers to other funds	(1,402,526)	-	-	-	-	-	-	(1,402,526)
Total other financing sources (uses)	<u>(64,526)</u>	<u>1,099,967</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>302,559</u>	<u>1,338,000</u>
Net change in fund balances	5,127,125	1,117,222	(381,755)	(1,162,546)	(594,697)	1,483	24,059	4,130,891
Fund Balances:								
Beginning of year - July 1	<u>20,801,734</u>	<u>5,759,730</u>	<u>1,657,344</u>	<u>2,383,341</u>	<u>2,815,969</u>	<u>5,933,724</u>	<u>1,956,976</u>	<u>41,308,818</u>
End of year - June 30	<u>\$ 25,928,859</u>	<u>\$ 6,876,952</u>	<u>\$ 1,275,589</u>	<u>\$ 1,220,795</u>	<u>\$ 2,221,272</u>	<u>\$ 5,935,207</u>	<u>\$ 1,981,035</u>	<u>\$ 45,439,709</u>

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

TOWN OF CORNELIUS, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2021

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

Net change in fund balances - governmental funds (Exhibit D)	\$	4,130,891
Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 90 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:		
Property taxes		(25,393)
Expenses related to interest expense that do not require current financial resources are not reported as expenditures.		17,798
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.		6,118,038
Capital assets (net) disposed of during the year are not recognized on the modified accrual basis.		(161,158)
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.		(3,477,501)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.		2,674,518
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.		43,384
Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.		(1,338,000)
Expenses related to the increase in vacation and sick pay and the increase in the net OPEB and pension obligations in the Statement of Activities that do not pay for current financial obligations are not reported as expenditures in the governmental funds. This adjustment is the amount of net change in these balances in the current year.		
Compensated absences	217,096	
Pension expense - LGERS	(532,746)	
Pension expense - LEOSSA	(199,923)	
Other post-employment benefits	(149,201)	(664,774)
Total changes in net position of governmental activities	\$	<u>7,317,803</u>

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

TOWN OF CORNELIUS, NORTH CAROLINA

GENERAL FUND

STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budgeted Amounts			Variance with Final Budget Over/Under
	Original	Final	Actual	
Revenues:				
Ad valorem taxes	\$ 16,596,119	\$ 16,596,119	\$ 16,943,009	\$ 346,890
Other taxes and licenses	328,326	328,326	379,149	50,823
Unrestricted intergovernmental	6,015,050	6,015,050	7,799,041	1,783,991
Restricted intergovernmental	757,472	829,472	1,625,586	796,114
Permits and fees	129,000	129,000	164,029	35,029
Sales and services	659,700	519,700	464,848	(54,852)
Investment earnings	93,600	93,600	97,162	3,562
Miscellaneous	753,000	758,500	745,730	(12,770)
Total revenues	<u>25,332,267</u>	<u>25,269,767</u>	<u>28,218,554</u>	<u>2,948,787</u>
Expenditures:				
Current:				
General government	2,221,749	2,293,749	2,113,605	180,144
Public safety	11,235,144	11,546,996	10,154,605	1,392,391
Transportation	2,224,269	2,224,269	1,359,987	864,282
Environmental protection	2,639,390	2,639,390	2,312,798	326,592
Economic and physical development	1,090,825	1,090,825	984,463	106,362
Cultural and recreation	3,408,404	3,268,404	2,889,085	379,319
Contingency	269,459	-	-	-
Debt service:				
Principal	2,068,800	2,703,690	2,674,518	29,172
Interest	544,260	544,260	537,842	6,418
Total expenditures	<u>25,702,300</u>	<u>26,311,583</u>	<u>23,026,903</u>	<u>3,284,680</u>
Revenues over (under) expenditures	<u>(370,033)</u>	<u>(1,041,816)</u>	<u>5,191,651</u>	<u>6,233,467</u>
Other Financing Sources (Uses):				
Long-term debt issued	1,470,000	2,104,890	1,338,000	(766,890)
Transfers to other funds	(1,099,967)	(1,399,967)	(1,402,526)	(2,559)
Appropriated fund balance	-	336,893	-	(336,893)
Total other financing sources (uses)	<u>370,033</u>	<u>1,041,816</u>	<u>(64,526)</u>	<u>(1,106,342)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>5,127,125</u>	<u>\$ 5,127,125</u>
Fund Balance:				
Beginning of year - July 1			<u>20,801,734</u>	
End of year - June 30			<u>\$ 25,928,859</u>	

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF NET POSITION

PROPRIETARY FUND

JUNE 30, 2021

	Electric Fund
Assets:	
Current assets:	
Cash and investments	\$ 5,476,491
Accounts receivable, net-billed	253,582
Accounts receivable, net-unbilled	504,207
Other receivables	26,770
Inventories	127,533
Prepays	253
Restricted cash and cash equivalents	165,348
Total current assets	<u>6,554,184</u>
Non-current assets:	
Depreciable capital assets, net	<u>4,955,772</u>
Total assets	<u>11,509,956</u>
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	820,710
Due to other funds	199,007
Liabilities to be paid from restricted assets:	
Customer deposits	165,348
Note payable	49,000
Total current liabilities	<u>1,234,065</u>
Non-Current Liabilities:	
Note payable	<u>201,000</u>
Total liabilities	<u>1,435,065</u>
Net Position:	
Net investment in capital assets	4,705,772
Unrestricted	<u>5,369,119</u>
Total net position	<u>\$ 10,074,891</u>

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2021

	Electric Fund
Operating Revenues:	
Charges for services	\$ 6,493,803
Other operating revenue	24,558
Total operating revenues	<u>6,518,361</u>
Operating Expenses:	
Administrative and contract services	124,105
Electrical operations	1,366,802
Electrical purchases	4,675,915
Depreciation	495,036
Total operating expenses	<u>6,661,858</u>
Operating income (loss)	<u>(143,497)</u>
Non-Operating Revenues (Expenses):	
Investment earnings	435
NCMPA rebate	1,106,535
Miscellaneous	9,728
Interest expense	(300)
Total non-operating revenues (expenses)	<u>1,116,398</u>
Change in net position	972,901
Net Position:	
Beginning of year - July 1	<u>9,101,990</u>
End of year - June 30	<u><u>\$ 10,074,891</u></u>

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2021

	Electric Fund
Cash Flows From Operating Activities:	
Cash received from customers	\$ 6,490,350
Cash paid for goods and services	(5,233,799)
Cash paid to contracted employees for services	(645,335)
Customer deposits received (refunded)	5,200
Net cash provided (used) by operating activities	<u>616,416</u>
Cash Flows From Non-Capital Financing Activities:	
NCMPA rebate	1,106,535
Change in due to/due from other funds	61,641
Net cash provided (used) by non-capital financing activities	<u>1,168,176</u>
Cash Flows From Capital and Related Financing Activities:	
Principal paid on long-term debt	(25,728)
Proceeds from issuance of long-term debt	250,000
Acquisition of capital assets and construction	(287,572)
Interest payment on long-term debt	(300)
Net cash provided (used) by capital and related financing activities	<u>(63,600)</u>
Cash Flows From Investing Activities:	
Interest and dividends	<u>435</u>
Net increase (decrease) in cash and cash equivalents	1,721,427
Cash and Cash Equivalents:	
Beginning of year - July 1	<u>3,920,412</u>
End of year - June 30	<u>\$ 5,641,839</u>
Reconciliation Of Operating Income (Loss) To Net Cash Provided (Used) By Operating Activities:	
Operating income (loss)	\$ (143,497)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	495,036
Increase/decrease in:	
Accounts receivable	(18,283)
Inventory	(9,328)
Accounts payable accrued liabilities	287,288
Customer deposits	5,200
Net cash provided (used) by operating activities	<u>\$ 616,416</u>

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

JUNE 30, 2021

	<u>Pension Trust Funds</u>
Assets:	
Restricted assets:	
Investments:	
Fixed income	\$ 419,497
	<u>419,497</u>
Total assets	
	<u>419,497</u>
Net Position:	
Net position restricted for post-employment benefits other than pensions	209,748
Net position restricted for defined benefit pensions	<u>209,749</u>
	<u>209,749</u>
Total net position	<u>\$ 419,497</u>

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

TOWN OF CORNELIUS, NORTH CAROLINA
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Pension Trust Funds</u>
Additions:	
Employer contributions	
Investment income	\$ <u>1,780</u>
Change in net position	1,780
Net Position:	
Beginning of year - July 1	<u>417,717</u>
End of year - June 30	<u><u>\$ 419,497</u></u>

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

Government-Wide Statements. The Statement of Net Position and the Statement of Activities display information about the primary government. These statements include the financial activities of the overall government. Eliminations have been made to minimize the double counting of internal activities except for services provided and used, which were not eliminated in the process of consolidation. These statements distinguish between the *governmental* and *business-type activities* of the Town. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange transactions. Business-type activities are financed, in whole or in part, by fees charged to external parties.

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

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

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The Town reports the following major governmental funds:

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

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

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

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

Arts Center Capital Project Fund. This fund is used to account for the expenditure for the construction of the Cain Center for the Arts in the Town of Cornelius.

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

The Town reports the following nonmajor governmental funds:

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

Capital Projects Funds. The capital projects funds account for financial resources to be used for the acquisition, construction, and improvement of major capital facilities (other than those financed by the proprietary fund). The Town has the following nonmajor capital project funds: Diverging Diamond Interchange, Robbins Park/WAC, Public Works Building, 2018 Series Parks Bond, and Willow Pond Stream Restoration Project.

The Town reports the following major enterprise fund:

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

The Town reports the following fund types:

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

C. Measurement Focus and Basis of Accounting

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

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

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

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

Governmental Fund Financial Statements. Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

The Town considers all revenues available if they are collected within 60 days after year-end, except for property taxes. Ad valorem taxes are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. Also, as of September 1, 2013, state law altered the procedures for the assessment and collection of property taxes on registered motor vehicles in North

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

D. Budgetary Data

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

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

Deposits and Investments

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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).

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

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

- The North Carolina Capital Management Trust (NCCMT), is authorized by G.S. 159-30(c)(8). The Government Portfolio is a 2a-7 fund which invests in treasuries and government agencies and is rated AAAm by S&P and AAA-mf by Moody Investor Services. It is reported at fair value.

- Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs— other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2021 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

Cash and Cash Equivalents

The Town pools money from several funds, except the Other Post Employment Trust Fund and Law Enforcement Officers' Special Separation Allowance Trust Fund, to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Restricted Assets

Unexpended bond proceeds are restricted to finance the construction for Streets Bond Capital Project and 2018 Series Streets Bond Capital Project. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4.

Cash and cash equivalents in the Other Post-employment Benefits Trust Fund of \$209,748 and the Law Enforcement Officer's Special Separation Allowance Trust Fund of \$209,749 were considered restricted because the funds can only be used to pay other post-employment benefit and special separation allowance obligations.

Governmental Activities:

General Fund:

Transportation	\$ 1,444,296
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Streets Bond Capital Project Fund:

Unexpended debt proceeds	1,480,939
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2018 Series Streets Bond Capital Project Fund:

Unexpended debt proceeds	<u>5,935,207</u>
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Total governmental activities	<u>8,860,442</u>
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Business-Type Activities:

Electric Fund:

Customer deposits	<u>165,348</u>
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Total business-type activities	<u>165,348</u>
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Total restricted cash	<u>\$ 9,025,790</u>
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Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, penalties and interest do not accrue until the following January 6th. The taxes levied are based on the assessed values as of January 1, 2020.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Allowance for Uncollectible Accounts

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

Inventory and Prepaid Items

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

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

Capital Assets

Capital assets are defined by the government as assets with an initial, individual cost of more than a certain cost and an estimated useful life in excess of two years. Minimum capitalization costs are \$5,000 for the following: land, buildings, improvements, substations, lines and infrastructure, furniture and equipment, and vehicles. Donated capital assets received prior to June 30, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 30, 2015 are recorded at acquisition value. All other purchased or constructed capital assets are reported at cost or estimated historical cost.

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

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

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Deferred Outflows/Inflows of Resources

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

Long-Term Obligations

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

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

Compensated Absences

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

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

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

Restricted Fund Balance

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

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent bond proceeds of \$7,416,146 as of June 30, 2021.

Committed Fund Balance

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

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

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

Assigned Fund Balance

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

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

Unassigned Fund Balance

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

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

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

Total fund balance - General Fund	\$ 25,928,859
Less:	
Prepaid items	145,978
Stabilization by state statute	<u>4,219,464</u>
Total available fund balance	<u>\$ 21,563,417</u>

Defined Benefit Pension and OPEB Plans

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

F. Management Estimates

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

2. Detail Notes On All Funds

A. Assets

Deposits

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

At June 30, 2021, the Town's deposits had a carrying amount of \$21,426,488 and a bank balance of \$22,489,358. Of the bank balance, \$500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2021, the Town's petty cash fund totaled \$400.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Investments

At June 30, 2021, the Town investment balances were as follows:

<u>Investment by Type</u>	<u>Valuation</u>	<u>Book Value</u>	<u>Maturity</u>	<u>Rating</u>
	<u>Measurement Method</u>	<u>at 6/30/2021</u>		
NC Capital Management Trust - Government Portfolio	Fair Value-Level 1	\$ <u>28,902,725</u>	N/A	AAAm

Because the NCCMT Government Portfolio has a weighted average maturity of less than 90 days, it is presented as an investment with a maturity of less than 6 months. The NCCMT Government Portfolio has an AAAm rating from S&P and AAA-mf by Moody's Investor Service.

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

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

Credit Risk. As a means of minimizing credit risk, the Town's internal investment policy limits investments to the safest types of securities, pre-qualifying financial institutions, brokers/dealers and intermediaries with which the Town will do business and diversify the investment portfolio. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investor Service as of June 30, 2021.

At June 30, 2021, the Town's Healthcare Benefits (HCB) Plan Fund had \$209,748 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the Town's OPEB Trust was invested as follows: State Treasurer's STIF 100%.

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

unrated and had a weighted average maturity at June 30, 2021 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

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

Interest Rate Risk. The Town does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2021.

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

At June 30, 2021, the Town's Law Enforcement Officers' Special Separation Allowance (LEOSSA) Plan Fund had \$209,749 invested in the State Treasurer's Law Enforcement Officer's Special Separation Allowance (LEOSSA) Trust pursuant to G.S. 159-30.1. The State Treasurer's LEOSSA Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the Town's LEOSSA Trust was invested as follows: State Treasurer's STIF 100%.

Level of the Fair Value Hierarchy: Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at \$1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2021 of 1.3 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

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

Interest Rate Risk. The Town does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 1.3 years at June 30, 2021.

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Receivables - Allowances for Doubtful Accounts

The receivable amounts presented in the Balance Sheet and Statement of Net Position for the year ended June 30, 2021 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	\$ 117,400
Enterprise Fund:	
Accounts receivable	<u>49,355</u>
Total	<u><u>\$ 166,755</u></u>

Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2021 was as follows:

	<u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>Transfers</u>	<u>June 30, 2021</u>
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	\$ 9,228,819	\$ -	\$ -	\$ -	\$ 9,228,819
Construction in progress	<u>9,999,588</u>	<u>5,001,308</u>	<u>-</u>	<u>(2,184,447)</u>	<u>12,816,449</u>
Total non-depreciable capital assets	<u>19,228,407</u>	<u>5,001,308</u>	<u>-</u>	<u>(2,184,447)</u>	<u>22,045,268</u>
Depreciable Capital Assets:					
Buildings	16,207,855	232,238	(363,173)	-	16,076,920
Equipment	6,625,364	127,359	-	-	6,752,723
Computer equipment	2,069,498	-	-	-	2,069,498
Vehicles	8,132,544	611,868	(135,912)	393,112	9,001,612
Infrastructure	<u>41,172,564</u>	<u>145,265</u>	<u>-</u>	<u>1,791,335</u>	<u>43,109,164</u>
Total depreciable capital assets	<u>74,207,825</u>	<u>1,116,730</u>	<u>(499,085)</u>	<u>2,184,447</u>	<u>77,009,917</u>
Less Accumulated Depreciation:					
Buildings	8,146,343	463,532	(202,015)	-	8,407,860
Equipment	4,540,664	329,444	-	-	4,870,108
Computer equipment	1,232,299	-	-	-	1,232,299
Vehicles and motorized equipment	6,586,993	1,309,722	(135,912)	-	7,760,803
Infrastructure	<u>10,910,933</u>	<u>1,374,803</u>	<u>-</u>	<u>-</u>	<u>12,285,736</u>
Total accumulated depreciation	<u>31,417,232</u>	<u>\$ 3,477,501</u>	<u>\$ (337,927)</u>	<u>\$ -</u>	<u>34,556,806</u>
Total depreciable capital assets, net	<u>42,790,593</u>				<u>42,453,111</u>
Governmental activities capital assets, net	<u>\$ 62,019,000</u>				<u>\$ 64,498,379</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

General government	\$ 288,945
Public safety	1,493,583
Transportation	834,465
Environmental protection	3,808
Cultural and recreational	850,668
Economic and physical development	<u>6,032</u>
Total depreciation	<u><u>\$ 3,477,501</u></u>

Capital assets for business-type activities for the year ended June 30, 2021 were as follows:

	<u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>
Electric Fund:				
Depreciable Capital Assets:				
Substations, lines, and related equipment	\$ 11,638,402	\$ 77,827	\$ -	\$ 11,716,229
Equipment	137,966	-	-	137,966
Computer equipment	15,571	-	-	15,571
Vehicles and motorized equipment	<u>436,338</u>	<u>209,745</u>	-	<u>646,083</u>
Total depreciable capital assets	<u>12,228,277</u>	<u>287,572</u>	-	<u>12,515,849</u>
Less Accumulated Depreciation:				
Substations, lines, and related equipment	6,663,160	426,635	-	7,089,795
Equipment	85,805	2,971	-	88,776
Computer equipment	15,571	-	-	15,571
Vehicles and motorized equipment	<u>300,505</u>	<u>65,430</u>	-	<u>365,935</u>
Total accumulated depreciation	<u>7,065,041</u>	<u>\$ 495,036</u>	<u>\$ -</u>	<u>7,560,077</u>
 Total depreciable capital assets, net	 <u>5,163,236</u>			 <u>4,955,772</u>
 Electric Fund capital assets, net	 <u>\$ 5,163,236</u>			 <u>\$ 4,955,772</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2021 is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	\$ 64,498,379	\$ 4,955,772
Long-term debt	(17,196,529)	(250,000)
Add unspent debt proceeds	7,416,146	-
Net investment in capital assets	<u>\$ 54,717,996</u>	<u>\$ 4,705,772</u>

Commitments

The Town of Cornelius has active construction projects as of at June 30, 2021. At year-end, the Town's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Public Works Building	\$ 1,998,104	\$ 1,896
Parks Bonds Series 2015	6,237,738	1,075,896
Street Bonds Series 2015	4,702,679	785,321
2018 Series Parks Bond	319,308	1,390,692
2018 Series Street Bond	489,000	5,721,038
Art Center	1,674,971	520,315
Diverging Diamond Interchange	1,090,945	170,522
Willow Pond Stream Restoration	623,632	179,148
Total	<u>\$ 17,136,377</u>	<u>\$ 9,844,828</u>

B. Liabilities

Payables at the government-wide level at June 30, 2021 were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General Fund	\$ 1,503,605	\$ 418,742	\$ 1,922,347
Other governmental	312,025	-	312,025
Total	<u>\$ 1,815,630</u>	<u>\$ 418,742</u>	<u>\$ 2,234,372</u>
Business-Type Activities:			
Electric Fund	<u>\$ 820,710</u>	<u>\$ -</u>	<u>\$ 820,710</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Pension Plan Obligations

Local Government Employees' Retirement System

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

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

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town's employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Cornelius' contractually required contribution rate for the year ended June 30, 2021 was 10.90% of compensation for law enforcement officers and 10.15% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Cornelius were \$707,019 for the year ended June 30, 2021.

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, 2021, the Town reported a liability of \$3,700,997 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2020. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2019. The total pension liability was then rolled forward to the measurement date of June 30, 2020 utilizing update procedures incorporating the actuarial assumptions. The 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, 2021, the Town's proportion was 0.10357% (measured as of June 30, 2020), which was an increase of 0.00666% from its proportion as of June 30, 2020 (measured as of June 30, 2019).

For the year ended June 30, 2021, the Town recognized pension expense of \$1,239,767. At June 30, 2021, 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	\$ 467,371	\$ -
Changes of assumptions	275,427	-
Net difference between projected and actual earnings on pension plan investments	520,817	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	51,532	94,374
Town contributions subsequent to the measurement date	707,019	-
Total	<u>\$ 2,022,166</u>	<u>\$ 94,374</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The \$707,019 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 ending June 30, 2022. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	
June 30	Total
2022	\$ 332,183
2023	462,099
2024	272,355
2025	154,136
2026	-
Thereafter	-
Total	<u>\$ 1,220,773</u>

Actuarial Assumptions. The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

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

The plan currently uses mortality rates based on the RP-2014 Total Data Set for Healthy Annuitants Mortality Table that vary by age, gender, employee group (i.e. general, law enforcement officer), and health status (i.e. disabled and healthy). The current mortality rates are based on published tables and based on studies that cover significant portions of the U.S. population. The healthy mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions used in the December 31, 2019 valuation, with the exception of the discount rate, were based on the results of an actuarial experience study as of December 31, 2014.

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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, 2020 are summarized in the following table:

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

The information above is based on 30-year expectations developed with the consulting actuary for the 2020 asset, liability and investment policy study for the North Carolina Retirement Systems, including LGERS. The long-term nominal rates of return underlying the real rates of return are arithmetic annualized figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 3.00%. All rates of return and inflation are annualized.

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Decrease (8.00%)
Town's proportionate share of the net pension liability (asset)	<u>\$ 7,508,920</u>	<u>\$ 3,700,997</u>	<u>\$ 536,346</u>

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

Law Enforcement Officers' Special Separation Allowance

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

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

Retirees receiving benefits	3
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>60</u>
Total	<u>63</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Summary of Significant Accounting Policies

Basis of Accounting. The Town has chosen to fund the Separation Allowance through contributions to the Town's Law Enforcement Officers' Special Separation Allowance (LEOSSA) Trust Fund. The assets were deposited after the measurement date of December 31, 2020. Contributions to the LEOSSA trust fund are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance is reported as a fiduciary fund by the Town of Cornelius.

LEOSSA Financial Statements

As of June 30, 2021, the LEOSSA's statement of fiduciary net position was as follows:

Assets:

Restricted assets:

Investments:

Cash and cash equivalents

Fixed income \$ 209,749

Total assets 209,749

Net Position:

Net position restricted for defined benefit pensions 209,749

Total net position \$ 209,749

For the fiscal year ended June 30, 2021, the LEOSSA's statement of changes in fiduciary net position was as follows:

Additions:

Investment income \$ 840

Change in net position 840

Net Position:

Beginning of year - July 1 208,909

End of year - June 30 \$ 209,749

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Actuary Assumptions

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

Inflation	2.50 percent per annum
Salary increase	3.25 to 7.75 percent, including inflation
Investment rate of return	1.93 percent, net of pension plan investment expense, including inflation
Mortality	The rates of mortality for the period after service retirement are according to the Pub-2010 amount-weighted Safety Mortality Table for Retirees, projected from 2010 using generational improvement with Scale MP-2019. Rates for all members are multiplied by 97% and Set Forward by 1 year.

The discount rate used to measure the total pension liability as of December 31, 2020 (measurement date) was 1.93%. Since the Separation Allowance assets are not invested, the discount rate used is equal to the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher. The index used for this purpose is the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2020.

The projection of cash flows used to determine the discount rate assumed that the employer would contribute the actuarially determined contribution in the future.

The long-term expected rate of return on pension plan investments is assumed to be 1.93% annually. Since the Separation Allowance assets are not invested, the discount rate used is equal to the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher. The index used for this purpose is the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2020.

The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

Mortality Assumption: All mortality rates use Pub-2010 amount-weighted tables.

Mortality Projection: All mortality rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths Prior To Retirement: Mortality rates are based on the Safety Mortality Table for Employees.

Deaths After Retirement (Healthy): Mortality rates are based on the Safety Mortality Table for Retirees. Rates for all members are multiplied by 97% and Set Forward by 1 year.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Deaths After Retirement (Disabled): Mortality rates are based on the Non-Safety Mortality Table for Disabled Retirees. Rates are Set Back 3 years for all ages.

Deaths After Retirement (Beneficiary): Mortality rates are based on the Below-median Teachers Mortality Table for Contingent Survivors. Rates for male members are Set Forward 3 years. Rates for female members are Set Forward 1 year. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Morality Table for Employees is used for ages less than 45.

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned through contributions to the LEOSA trust through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid \$55,299 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, 2021, the Town reported a total pension liability of \$2,286,892. The total pension liability was measured as of December 31, 2020 based on a December 31, 2019 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2020 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2021, the Town recognized pension expense of \$253,357.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 87,493	\$ 219,747
Changes of assumptions	735,617	48,572
Net difference between projected and actual earnings on plan investments	4,221	-
Town benefit payments made subsequent to the measurement date	28,337	-
Total	<u>\$ 855,668</u>	<u>\$ 268,319</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The Town paid \$28,337 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pension which will be recognized as a decrease of the total pension liability in the year ending June 30, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2022	\$ 107,787
2023	108,034
2024	104,346
2025	86,151
2026	77,800
Thereafter	74,894
Total	<u>\$ 559,012</u>

Sensitivity of the Town's Net Pension Liability to Changes in the Discount Rate. The following presents the Town's net pension liability calculated using the discount rate of 1.93 percent, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.93 percent) or 1 percentage point higher (2.93 percent) than the current rate:

	1% Decrease (0.93%)	Discount Rate (1.93%)	1% Increase (2.93%)
Net pension liability	\$ <u>2,307,452</u>	\$ <u>2,077,397</u>	\$ <u>1,867,440</u>

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

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance as of December 31, 2019	\$ 1,678,675	\$ 207,055	\$ 1,471,620
Service cost	98,496	-	98,496
Interest on the total pension liability	53,824	-	53,824
Differences between expected and actual experience in the measurement of the total pension liability	(256,189)	-	(256,189)
Changes of assumptions or other inputs	767,385	-	767,385
Contributions - employer	-	55,299	(55,299)
Net investment income	-	2,440	(2,440)
Benefit payments	(55,299)	(55,299)	-
Balance as of December 31, 2020	<u>\$ 2,286,892</u>	<u>\$ 209,495</u>	<u>\$ 2,077,397</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 3.26 percent at December 31, 2019 (measurement date) to 1.93 percent at December 31, 2020 (measurement date).

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, 2019 valuation were based on the results of an experience study completed by the Actuary for the Local Government Employees' Retirement System for the five-year period ending December 31, 2019.

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension expense	\$ 1,239,767	\$ 253,357	\$ 1,493,124
Pension liability	3,700,997	2,077,397	5,778,394
Proportionate share of the net pension liability	0.10357%	n/a	-

Deferred Outflows of Resources:

Differences between expected and actual experience	\$ 467,371	\$ 87,493	\$ 554,864
Changes of assumptions	275,427	735,617	1,011,044
Net difference between projected and actual earnings on plan investments	520,817	4,221	525,038
Changes in proportion and differences between Town contributions and proportionate share of contributions	51,532	-	51,532
Benefit payments and administrative costs paid subsequent to the measurement date	<u>707,019</u>	<u>28,337</u>	<u>735,356</u>
Total deferred outflows of resources	<u><u>\$ 2,022,166</u></u>	<u><u>\$ 855,668</u></u>	<u><u>\$ 2,877,834</u></u>

Deferred Inflows of Resources:

Differences between expected and actual experience	\$ -	\$ 219,747	\$ 219,747
Changes of assumptions	-	48,572	48,572
Changes in proportion and differences between Town contributions and proportionate share of contributions	<u>94,374</u>	<u>-</u>	<u>94,374</u>
Total deferred inflows of resources	<u><u>\$ 94,374</u></u>	<u><u>\$ 268,319</u></u>	<u><u>\$ 362,693</u></u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (the “Plan”), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the State of North Carolina. The state’s ACFR 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 12 E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer’s salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2021 were \$277,623, which consisted of \$175,713 from the Town and \$101,910 from the law enforcement officers. No amounts were forfeited.

Other Post-Employment Benefits

Healthcare Benefits

Plan Description

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Plan Membership. Membership of the HCB Plan consisted of the following at June 30, 2020, the date of the latest actuarial valuation:

Retirees receiving benefits	7
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	<u>117</u>
Total	<u><u>124</u></u>

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

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

Per a Town resolution, the Town is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. For the current year, the Town contributed \$86,975. The Fund is accounted for as a trust fund. The HCB Plan is reported as a fiduciary fund by the Town of Cornelius.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

OPEB Financial Statements

As of June 30, 2021, the OPEB's statement of fiduciary net position was as follows:

Assets:

Restricted assets:

Investments:

Cash and cash equivalents

Fixed income	\$ 209,748
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Total assets	209,748
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Net Position:

Net position restricted for post-employment benefits

other than pensions	209,748
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Total net position	\$ 209,748
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For the fiscal year ended June 30, 2021, the OPEB's statement of changes in fiduciary net position was as follows:

Additions:

Investment income	\$ 940
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Change in net position	940
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Net Position:

Beginning of year - July 1	208,808
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End of year - June 30	\$ 209,748
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TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Investments

Investment Policy. The HCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan's discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value. The following was the Board's adopted asset allocation policy and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2021:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate</u>
Bond Index Fund	0.00%	0.00%
Equity Index Fund	0.00%	0.00%
Cash and cash equivalents	<u>100.00%</u>	2.50%
Total	<u>100.00%</u>	

Rate of Return. For the year ended June 30, 2021, the annual money weighted rate of return on investments, net of investment expense, was 2.50 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the Town at June 30, 2021 were as follows:

Total OPEB liability	\$ 2,567,123
Plan fiduciary net position	<u>209,748</u>
Net OPEB liability	<u>\$ 2,357,375</u>

Plan fiduciary net position as a percentage of the total OPEB liability	8.17%
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TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Actuarial Assumptions. The total OPEB liability was determined by actuarial valuations as of June 30, 2020 using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	
General Employees	3.25 percent - 8.41 percent
Law Enforcement Officers	3.25 percent - 7.90 percent
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	2.50 percent
Municipal Bond Index Rate	
Prior Measurement Date	2.21 percent
Measurement Date	2.16 percent
Year fiduciary net position is projected to be depleted	
Prior Measurement Date	2022
Measurement Date	2023
Single equivalent interest rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	2.21 percent
Measurement Date	2.16 percent
Healthcare cost trend rates	
Pre-Medicare Medical and Prescription Drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030

Total OPEB liabilities were rolled forward to June 30, 2021 utilizing update procedures incorporating the actuarial assumptions.

All Members:

Deaths Before Retirement: Pub-2010 General and Safety Employees base rates are projected from 2010 using generational improvement with Scale MP-2019.

Deaths After Retirement (Beneficiary): Pub-2010 Teachers Contingent Annuitant Below Median base rates are projected from 2010 using generational improvement with Scale MP-2019. Rates are set forward 3 years for males and set forward 1 year for females for all ages. Because the contingent survivor tables have no rates prior to age 45, the Below-median Teachers Mortality Table for Employees is used for ages less than 45.

General Employees:

Deaths After Retirement (Healthy): Pub-2010 General-Retirees base rates are projected from 2010 using generational improvement with Scale MP-2019. Rates for males are set forward 2 years, and use 96% of rates under age 81 then blended to 100% at age 85 and beyond. Rates for females are 100% of rates under age 92 then blended to 110% at age 94 and beyond. Because the retiree tables have no rates prior to age 50, the General Mortality Table for Employees is used for ages less than 50.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Deaths After Retirement (Disabled): Pub-2010 Non-Safety Mortality Table for Disabled Retirees base rates are projected from 2010 using generational improvement with Scale MP-2019. Rates are set forward 3 years for males and set back 1 year for females for all ages.

Law Enforcement Officers:

Deaths After Retirement (Healthy): Pub-2010 Safety Mortality Table for-Retirees base rates are projected from 2010 using generational improvement with Scale MP-2019. Rates for males and females are set forward 1 year, and use 97% of rates for all ages. Because the retiree tables have no rates prior to age 45, the Safety Mortality Table for Employees is used for ages less than 45.

Deaths After Retirement (Disabled): Pub-2010 Non-Safety Mortality Table for Disabled Retirees base rates are projected from 2010 using generational improvement with Scale MP-2019. Rates are set back 3 years for all ages.

The actuarial assumptions used in the June 30, 2020 valuation was based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Discount Rate. The discount rate used to measure the total OPEB liability at June 30, 2021 was 2.16 percent which was a change from the discount rate of 2.21 percent at June 30, 2020. However, because the OPEB plan's fiduciary net position was not projected to be sufficient to make all future benefit payments, the discount rate incorporates a municipal bond rate which was 2.16 percent at June 30, 2021 per the S&P Municipal Bond 20-Year High Grade Rate Index. As of June 30, 2020, the S&P Municipal Bond 20-Year High Grade rate was 2.21 percent.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the Town at June 30, 2021, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.16 percent) or 1-percentage-point higher (3.16 percent) than the current discount rate:

	1% Decrease (1.16%)	Current Discount Rate (2.16%)	1% Increase (3.16%)
Net OPEB liability	<u>\$ 2,638,040</u>	<u>\$ 2,357,375</u>	<u>\$ 2,107,187</u>

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the Plan at June 30, 2021, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	<u>1% Decrease</u>	<u>Current</u>	<u>1% Increase</u>
Net OPEB liability	\$ 2,136,342	\$ 2,357,375	\$ 2,627,068

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2021, the Town reported a net OPEB liability of \$2,357,375. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2020. The total pension liability was then rolled forward to the measurement date of June 30, 2021 utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2021, the components of the net OPEB liability of the Town were as follows:

	<u>Total OPEB Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net OPEB Liability</u>
Balances at June 30, 2020	\$ 2,865,031	\$ 208,808	\$ 2,656,223
Changes for the year:			
Service cost	187,383	-	187,383
Interest	62,361	-	62,361
Differences between expected and actual experience	(539,485)	-	(539,485)
Changes in assumptions or other inputs	78,808	-	78,808
Contributions - employer	-	86,975	(86,975)
Net investment income	-	940	(940)
Benefit payments	(86,975)	(86,975)	-
Net changes	(297,908)	940	(298,848)
Balances at June 30, 2021	<u>\$ 2,567,123</u>	<u>\$ 209,748</u>	<u>\$ 2,357,375</u>

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 2.21 percent in 2020 to 2.16 percent in 2021 and change in the medical trend. The decremental and salary increase assumptions have been updated based on the most recent NCLGERS experience analysis.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

For the year ended June 30, 2021, the Town recognized OPEB expense of \$236,376. At June 30, 2021, 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	\$ 48,277	\$ 579,942
Changes of assumptions	468,941	50,523
Net difference between projected and actual earnings on plan investments	9,889	-
Total	<u>\$ 527,107</u>	<u>\$ 630,465</u>

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

Year Ending June 30	Amount
2022	\$ (8,348)
2023	(8,926)
2024	(10,080)
2025	(11,273)
2026	(12,129)
Thereafter	(52,602)
Total	<u>\$ (103,358)</u>

Other Employment Benefits

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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. The Town is not acting in a trustee capacity for resources of the Plan and the Plan does not meet the criteria prescribed by paragraph 3 in GASB Statement No. 67 to be reported as a pension trust fund of the Town.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources are comprised of the following:

<u>Source</u>	<u>Amount</u>
Pension deferrals	\$ 2,877,834
OPEB deferrals	527,107
Total	<u>\$ 3,404,941</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Taxes receivable (General Fund)	\$ -	\$ 228,237
Pension deferrals	362,693	-
OPEB deferrals	630,465	-
Total	<u>\$ 993,158</u>	<u>\$ 228,237</u>

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. At the end of FY 2021, The Town authorized a broker to negotiate insurance coverage for commercial general liability, and automobile liability with Travelers and workers compensation with Travelers. The coverage limits for general liability and auto liability coverage of \$1 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. Health insurance coverage is also negotiated through a broker, and at the end of FY 2021 Medcost was the carrier for the Town's employee health care and Blue Cross Blue Shield was the carrier for vision coverage.

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

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

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Long-Term Obligations

Direct Placement Installment Purchases

Government Activities

At June 30, 2021, the Town has the following direct placement installment purchase agreements outstanding:

Serviced by the Town's General Fund:

A contract for cultural and recreation infrastructure improvements issued February 2008 for \$1,300,000; due in semi-annual installments of \$43,333, including interest at 2.79% through July 2023	\$ 216,666
A contract for cultural and recreation infrastructure improvements issued June 2014 for \$700,000; due in semi-annual installments of \$40,500, including interest at 2.60% through June 2024	210,000
A contract for various vehicles issued January 2019 for \$200,332; due in semi-annual installments of \$35,169, including interest at 3.01% through January 8, 2022.	68,782
A contract for park land issued June 2019 for \$657,000; due in semi-annual installments of \$46,929, including interest at 2.97% through 2026.	469,286
A contract for a ladder truck issued May 2016 for \$861,006; due in semi-annual installments of \$43,050, including interest at 1.881% through May 2026	430,501
A contract for construction of the public works facility issued October 2017 for \$2,000,000; due in semi-annual principal installments of \$142,857, plus interest at 2.030% through October 2024	1,000,001

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

A contract for refunding the acquisition and installation of a synthetic turf field issued May 2021 for \$646,000; due in semi-annual installments varying \$35,000 - \$73,000 plus interest at 0.9015% through April 2026 646,000

A contract for a pumper truck issued December 2017 for \$667,369; due in semi-annual installments of \$51,323, including interest at 2.000% through December 2024 345,309

A contract for field lighting issued May 2021 for \$692,000; due in semi-annual installments varying from \$68,000 - \$71,000 plus interest at 0.9015% through June 2026 692,000

Total \$ 4,078,545

Notes from direct placements related to governmental activities:

<u>Amount</u>	<u>Collateral</u>	<u>Provision of Default</u>
\$ 216,666	Robbins Park Property	The borrowing contains provisions that an event of default would result in (a) unpaid principal components of the installment payments would become immediately due and payable, (b) court action to enforce the Town's performance of the applicable covenants of the agreement, (c) escrow agent could be required to pay over any balance remaining in the Project Fund to be applied against outstanding required payments, (d) execution and foreclosure and recovery of attorney's fees and other expenses.
\$ 210,000	Robbins Park Property	The borrowing contains provisions that an event of default would result in (a) unpaid principal components of the installment payments would become immediately due and payable, (b) court action to enforce the Town's performance of the applicable covenants of the agreement, (c) escrow agent could be required to pay over any balance remaining in the Project Fund to be applied against outstanding required payments, (d) execution and foreclosure and recovery of attorney's fees and other expenses.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Amount	Collateral	Provision of Default
\$ 68,782	Vehicles	The borrowing contains provisions that an event of default would result in (a) unpaid principal components of the installment payments would become immediately due and payable, (b) court action to enforce the Town's performance of the applicable covenants of the agreement, (c) escrow agent could be required to pay over any balance remaining in the Project Fund to be applied against outstanding required payments, (d) execution and recovery of attorney's fees and other expenses.
\$ 469,286	Park Land	The borrowing contains provisions that an event of default would result in (a) unpaid principal components of the installment payments would become immediately due and payable, (b) court action to enforce the Town's performance of the applicable covenants of the agreement, (c) escrow agent could be required to pay over any balance remaining in the Project Fund to be applied against outstanding required payments, (d) execution and foreclosure and recovery of attorney's fees and other expenses.
\$ 430,501	Ladder Truck	The borrowing contains provisions that an event of default would result in (a) unpaid principal components of the installment payments would become immediately due and payable, (b) take possession of equipment and sell or lease for the account of the Town, (c) court action to enforce the Town's performance of the applicable covenants of the agreement, (d) exercise all the rights and remedies of a secured party or creditor, (e) require Town to deliver the equipment and take possession of any proceeds.
\$ 1,000,001	Public Works Building	The borrowing contains provisions that an event of default would result in (a) unpaid principal components of the installment payments would become immediately due and payable, (b) court action to enforce the Town's performance of the applicable covenants of the agreement, (c) escrow agent could be required to pay over any balance remaining in the Project Fund to be applied against outstanding required payments, (d) execution and foreclosure and recovery of attorney's fees and other expenses.
\$ 646,000	Installed Turf	The borrowing contains provisions that an event of default would result in (a) declare all installment payments payable by Town, (b) take possession of equipment and sell or lease for the account of the Town, (c) court action to enforce the Town's performance of the applicable covenants of the agreement, (d) exercise all the rights and remedies of a secured party or creditor, (e) require Town to deliver the equipment and take possession of any proceeds.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

<u>Amount</u>	<u>Collateral</u>	<u>Provision of Default</u>
\$ 345,309	Fire Truck	The borrowing contains provisions that an event of default would result in (a) declare all rental payments payable under the lease to the end of the then-current fiscal year of the Town would become immediately due and payable, (b) return all equipment and lender may thereafter dispose of the equipment, (c) escrow agent could be required to release all such proceeds and any earnings thereon to be applied against outstanding required payments, (d) recovery of attorney's fees and other expenses incurred by lender in exercising any remedy.
\$ 692,000	Field Lighting	The borrowing contains provisions that an event of default would result in (a) declare all installment payments payable by Town, (b) take possession of equipment and sell or lease for the account of the Town, (c) court action to enforce the Town's performance of the applicable covenants of the agreement, (d) exercise all the rights and remedies of a secured party or creditor, (e) require Town to deliver the equipment and take possession of any proceeds.

The future minimum payments of all the direct placement installment purchases for the governmental activities as of June 30, 2021 are as follows:

<u>Year Ending</u> <u>June 30</u>	<u>Governmental Activities</u>	
	<u>Principal</u>	<u>Interest</u>
2022	\$ 1,067,338	\$ 54,294
2023	1,000,490	45,203
2024	961,130	27,321
2025	658,629	11,646
2026	390,958	3,929
Total	<u>\$ 4,078,545</u>	<u>\$ 142,393</u>

Business-Type Activities

A contract for an Electric Bucket Truck issued May 2021 for \$250,000; due in semi-annual installments varying from \$24,000 - \$26,000, plus interest at 0.9015% through April 2026

\$ 250,000

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Notes from direct placements related to business-type activities:

<u>Amount</u>	<u>Collateral</u>	<u>Provision of Default</u>
\$ 250,000	Bucket Truck	The borrowing contains provisions that an event of default would result in (a) declare all installment payments payable by Town, (b) take possession of equipment and sell or lease for the account of the Town, (c) court action to enforce the Town's performance of the applicable covenants of the agreement, (d) exercise all the rights and remedies of a secured party or creditor, (e) require Town to deliver the equipment and take possession of any proceeds.

The future minimum payments of the business-type activities direct placement installment purchases as of June 30, 2021 are as follows:

<u>Year Ending</u>	<u>Governmental Activities</u>	
<u>June 30</u>	<u>Principal</u>	<u>Interest</u>
2022	\$ 49,000	\$ 1,845
2023	50,000	1,699
2024	50,000	1,249
2025	50,000	798
2026	51,000	342
Total	<u>\$ 250,000</u>	<u>\$ 5,933</u>

General Obligation Indebtedness

The Town's general obligation bonds serviced by the governmental funds were issued for the acquisition of land and construction or acquisition of park facilities utilized in the operations of the parks and recreation department. All general obligation bonds are collateralized by the full faith and credit and taxing power of the Town. Principal and interest requirements are appropriated when due. In the event of a default, the Town agrees to pay to the Purchaser, on demand, interest on any and all amounts due and owing by the Town under this Agreement.

Bonds payable at June 30, 2021 are comprised of the following:

General Obligation Bonds - Serviced by the General Fund:

\$9,685,000 2015 Streets and Sidewalks and Parks and Recreation serial bonds, payable in installments of \$585,000, beginning June 1, 2016 through June 1, 2032, with interest varying from 2% to 3%, due twice a year on December 1 and June 1. \$ 6,435,000

\$6,715,000 General Obligation Public Improvement Bonds, Series 2018, payable in installments varying from \$300,000 to \$350,000 beginning August 1, 2019 through August 1, 2028, with interest varying from 3% to 5% due twice a year on August 1 and February 1. 6,015,000

Total general obligation debt \$ 12,450,000

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

The future payments of the general obligation bond as of June 30, 2021 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2022	\$ 935,000	\$ 392,969
2023	935,000	357,919
2024	935,000	322,869
2025	935,000	293,669
2026	935,000	264,469
2027-2031	4,625,000	872,869
2032-2036	2,210,000	286,713
2037-2039	940,000	44,219
Total	<u>\$ 12,450,000</u>	<u>\$ 2,835,696</u>

Changes in Long-Term Liabilities

The following is a summary of changes in the Town's long-term obligations for the fiscal year ending June 30, 2021.

	July 1, 2020	Increases	Decreases	June 30, 2021	Current Portion
Governmental Activities:					
Direct placement installment purchases	\$ 4,480,063	\$ 1,338,000	\$ (1,739,518)	\$ 4,078,545	\$ 1,067,338
General obligation bonds	13,385,000	-	(935,000)	12,450,000	935,000
Premium on bonds	711,368	-	(43,384)	667,984	43,384
Net OPEB liability	2,656,223	-	(298,848)	2,357,375	-
Net pension liability (LGERS)	2,646,537	1,054,460	-	3,700,997	-
Net pension liability (LEOSSA)	1,471,620	605,777	-	2,077,397	-
Compensated absences	1,160,783	695,842	(912,938)	943,687	754,950
Governmental activities long-term liabilities	<u>\$ 26,511,594</u>	<u>\$ 3,694,079</u>	<u>\$ (3,929,688)</u>	<u>\$ 26,275,985</u>	<u>\$ 2,800,672</u>

At June 30, 2021, the Town had a legal debt margin of approximately \$592,804,920.

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

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

	<u>July 1, 2020</u>	<u>Increases</u>	<u>Decreases</u>	<u>June 30, 2021</u>	<u>Current Portion</u>
Direct placement installment purchases	\$ 25,728	\$ 250,000	\$ (25,728)	\$ 250,000	\$ 49,000
Total business-type activities	<u>\$ 25,728</u>	<u>\$ 250,000</u>	<u>\$ (25,728)</u>	<u>\$ 250,000</u>	<u>\$ 49,000</u>

Interfund Balances and Activities

Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2021 consist of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	General Capital Reserve	\$ 17,255
General Fund	Parks Bond Capital Project	134,512
General Fund	2018 Series Park Bond Capital Project	763,325
General Fund	Public Works Capital Project	1,983
Willow Pond Stream Restoration Project	General Fund	323,632
Emergency Telephone System Fund	General Fund	31,208
General Fund	Diverging Diamond Interchange	7,847
Electric Fund	General Fund	199,007
Art Center CPF	General Fund	2,389,767
Streets Bond Capital Project	Parks Bond Capital Project	4,095
Total		<u>\$ 3,872,631</u>

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

Transfers To/From Other Funds

Transfers to/from during the year ended June 30, 2021 consist of the following:

<u>From</u>	<u>To</u>	<u>Amount</u>
General Fund	Capital Project Fund - Capital Reserve Fund	\$ 1,099,967
General Fund	Willow Pond Stream Restoration Project Fund	300,000
General Fund	Emergency Telephone System	2,559
Total		<u>\$ 1,402,526</u>

The Capital Reserve transfer is for the 1.5 cent tax increase from 2017 for the Board approved Transportation Capital Reserve Fund. The Willow Pond Stream Restoration Project fund transfer is for the Town's contribution to the project. The Emergency Telephone System transfer is for disallowed 911 expenditures from prior years.

3. Jointly Governed Organizations

The Town is a member of the North Carolina Municipal Power Agency Number 1 (Electric Agency). The Electric Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The twenty-one members who receive power from the Electric Agency have signed power sales agreements to purchase a specified share of the power generated by the Electric Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2021 were \$4,675,915.

The Town has an agreement with the Town of Huntersville and ElectriCities that provides for ElectriCities to operate and maintain the electric system of each Town, including managing the resources and expenditures of each Town's electric system, planning, technical assistance, and inventory management. During the year ended June 30, 2021, the Town paid ElectriCities \$645,335 for salaries and wages, employee benefits, and other related costs.

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

TOWN OF CORNELIUS, NORTH CAROLINA

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2021

4. Interlocal Agreements

The Town has entered an interlocal agreement with two neighboring towns for industrial and business park development. The Town has no ownership of the land nor are they a named party with respect to the financing associated with the land. Also, the Town has entered into a second agreement regarding a bridge in the business park. The Town has also agreed to pay a certain percentage of the development cost with respect to this park. The Town cannot determine what those costs may be at this time. In exchange for the Town's participation in the agreement, the Town will receive a percentage of the park tax revenues and proceeds from the sale of any property in the development. This interlocal agreement is in effect until 2045. Should the Town elect out of the agreement, they will be liable for their remaining share of the debt service. In addition, they will be liable for any unpaid operating expenses incurred or contracted for through the date of the withdrawal.

5. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

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

Coronavirus Disease (COVID-19)

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

6. Subsequent Event

The Town of Cornelius was awarded \$9,642,829 from the Federal American Rescue Plan (ARP). Subsequent to year end, the Town received \$4,821,414. The remaining amount of \$4,821,415 will be released no sooner than one year after the first disbursement, and may vary slightly depending on funds returned and other factors.



REQUIRED SUPPLEMENTARY FINANCIAL DATA



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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Pension Liability:					
Service cost	\$ 98,496	\$ 83,204	\$ 90,451	\$ 72,419	\$ 77,482
Interest on the total pension liability	53,824	54,987	45,016	46,976	42,233
Differences between expected and actual experience	(256,189)	8,099	98,335	70,535	-
Changes of assumptions or other inputs	767,385	56,792	(70,921)	95,691	(34,717)
Benefit payments	<u>(55,299)</u>	<u>(70,067)</u>	<u>(83,532)</u>	<u>(72,590)</u>	<u>(29,414)</u>
Net change in total pension liability	608,217	133,015	79,349	213,031	55,584
 Total pension liability - beginning	<u>1,678,675</u>	<u>1,545,660</u>	<u>1,466,311</u>	<u>1,253,280</u>	<u>1,197,696</u>
Total pension liability - ending	<u>2,286,892</u>	<u>1,678,675</u>	<u>1,545,660</u>	<u>1,466,311</u>	<u>1,253,280</u>
 Plan Net Position:					
Contributions - employer	55,299	70,067	283,532	73,104	29,414
Net investment income	2,440	4,179	2,876	-	-
Benefit payments	(55,299)	(70,067)	(83,532)	(72,590)	(29,414)
Administrative expense	<u>-</u>	<u>-</u>	<u>-</u>	<u>(514)</u>	<u>-</u>
Net change in plan net position	2,440	4,179	202,876	-	-
 Plan net position - beginning	<u>207,055</u>	<u>202,876</u>	<u>-</u>	<u>-</u>	<u>-</u>
Plan net position - ending	<u>209,495</u>	<u>207,055</u>	<u>202,876</u>	<u>-</u>	<u>-</u>
 Net pension liability - ending	<u>\$ 2,077,397</u>	<u>\$ 1,471,620</u>	<u>\$ 1,342,784</u>	<u>\$ 1,466,311</u>	<u>\$ 1,253,280</u>

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

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 2,286,892	\$ 1,678,675	\$ 1,545,660	\$ 1,466,311	\$ 1,253,280
Plan net position	209,495	207,055	202,876	-	-
Net pension liability	<u>\$ 2,077,397</u>	<u>\$ 1,471,620</u>	<u>\$ 1,342,784</u>	<u>\$ 1,466,311</u>	<u>\$ 1,253,280</u>
Ratio of plan net position to total pension liability	9.16%	12.33%	13.13%	0.00%	0.00%
Covered payroll	\$ 3,535,836	\$ 3,164,828	\$ 3,199,567	\$ 3,074,694	\$ 3,084,414
Net pension liability as a percentage of covered payroll	58.75%	46.50%	41.97%	47.69%	40.63%

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

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

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

	2021	2020	2019	2018
Actuarially determined employer contribution	\$ 227,152	\$ 241,655	\$ 199,137	\$ 200,000
Actual employer contributions	-	-	-	200,000
Annual contribution deficiency (excess)	<u>\$ 227,152</u>	<u>\$ 241,655</u>	<u>\$ 199,137</u>	<u>\$ -</u>
Covered payroll	\$ 3,568,359	\$ 3,714,385	\$ 3,389,682	\$ 3,256,093
Actual contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	6.14%

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total OPEB Liability:					
Service cost	\$ 187,383	\$ 140,248	\$ 138,449	\$ 143,068	\$ 153,828
Interest	62,361	81,110	83,755	72,711	60,999
Differences between expected and actual experience	(539,485)	16,402	(140,434)	56,801	-
Changes of assumptions	78,808	356,406	162,408	(81,611)	(131,057)
Benefit payments	<u>(86,975)</u>	<u>(79,211)</u>	<u>(82,558)</u>	<u>(89,129)</u>	<u>(47,403)</u>
Net change in total OPEB liability	(297,908)	514,955	161,620	101,840	36,367
Total OPEB liability - beginning	<u>2,865,031</u>	<u>2,350,076</u>	<u>2,188,456</u>	<u>2,086,616</u>	<u>2,050,249</u>
Total OPEB liability - ending	<u>\$ 2,567,123</u>	<u>\$ 2,865,031</u>	<u>\$ 2,350,076</u>	<u>\$ 2,188,456</u>	<u>\$ 2,086,616</u>
Plan Fiduciary Net Position:					
Contributions - employer	\$ 86,975	\$ 79,211	\$ 82,558	\$ 289,129	\$ -
Net investment income	940	3,880	3,863	1,065	-
Benefit payments	<u>(86,975)</u>	<u>(79,211)</u>	<u>(82,558)</u>	<u>(89,129)</u>	<u>-</u>
Net change in plan fiduciary net position	940	3,880	3,863	201,065	-
Plan fiduciary net position - beginning	<u>208,808</u>	<u>204,928</u>	<u>201,065</u>	<u>-</u>	<u>-</u>
Plan fiduciary net position - ending	<u>209,748</u>	<u>208,808</u>	<u>204,928</u>	<u>201,065</u>	<u>-</u>
Net OPEB liability - ending	<u>\$ 2,357,375</u>	<u>\$ 2,656,223</u>	<u>\$ 2,145,148</u>	<u>\$ 1,987,391</u>	<u>\$ 2,086,616</u>
Plan fiduciary net position as a percentage of the total OPEB liability	8.17%	7.29%	8.72%	9.19%	0.00%
Covered payroll	\$ 6,248,903	\$ 5,338,635	\$ 5,338,635	\$ 5,121,144	\$ 5,121,144
Net OPEB liability as a percentage of covered payroll	37.72%	49.75%	40.18%	38.81%	40.75%

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

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

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 204,477	\$ 204,477	\$ 183,289	\$ 205,257	\$ 183,289
Contributions in relation to the actuarially determined contribution	86,975	79,211	82,558	289,129	47,403
Contribution deficiency (excess)	<u>\$ 117,502</u>	<u>\$ 125,266</u>	<u>\$ 100,731</u>	<u>\$ (83,872)</u>	<u>\$ 135,886</u>
Covered payroll	\$ 6,248,903	\$ 5,338,635	\$ 5,338,635	\$ 5,121,144	\$ 5,121,144
Actual contribution as a percentage of covered payroll	1.39%	1.48%	1.55%	5.65%	0.93%

Notes to Schedule:

Valuation date: June 30, 2020

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Amortization period	28 years, closed
Asset valuation method	Market value of assets
Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation:	
General employees	3.25% - 8.41%
Law enforcement officers	3.25% - 7.90%
Long-term investment rate of return, net of OPEB:	
plan investment expense, including price inflation	2.50%
Healthcare cost trends:	
Pre-Medicare Medical and Prescription Drug	7.00% for 2020 decreasing to an ultimate rate of 4.50% by 2030

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

TOWN OF CORNELIUS, NORTH CAROLINA**OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF INVESTMENT RETURNS
LAST FOUR FISCAL YEARS**

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Annual money-weighted rate of return, net of investment expense	2.50%	2.50%	4.80%	4.80%

Notes to Schedule:

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

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



TOWN OF CORNELIUS, NORTH CAROLINA

TOWN OF CORNELIUS' PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET) REQUIRED SUPPLEMENTARY INFORMATION LAST EIGHT FISCAL YEARS*

Local Government Employees' Retirement System				
	2021	2020	2019	2018
Town of Cornelius' proportion of the net pension liability (asset) (%)	0.10357%	0.09691%	0.10420%	0.10062%
Town of Cornelius' proportion of the net pension liability (asset) (\$)	\$ 3,700,997	\$ 2,646,537	\$ 2,471,980	\$ 1,537,195
Town of Cornelius' covered payroll	\$ 6,448,215	\$ 5,890,617	\$ 5,798,287	\$ 5,522,682
Town of Cornelius' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	57.40%	44.93%	42.63%	27.83%
Plan fiduciary net position as a percentage of the net pension liability**	88.61%	90.86%	91.63%	94.18%

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

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

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

TOWN OF CORNELIUS, NORTH CAROLINA

**TOWN OF CORNELIUS' PROPORTIONATE SHARE
OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS***

	Local Government Employees' Retirement System			
	2017	2016	2015	2014
Town of Cornelius' proportion of the net pension liability (asset) (%)	0.10258%	0.10266%	0.10290%	0.10330%
Town of Cornelius' proportion of the net pension liability (asset) (\$)	\$ 2,177,091	\$ 460,732	\$ (606,849)	\$ 1,245,162
Town of Cornelius' covered payroll	\$ 5,407,566	\$ 5,107,670	\$ 4,951,342	\$ 4,394,262
Town of Cornelius' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.26%	9.02%	(12.26%)	28.34%
Plan fiduciary net position as a percentage of the net pension liability**	91.47%	98.09%	102.64%	94.35%

TOWN OF CORNELIUS, NORTH CAROLINA

**TOWN OF CORNELIUS' CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS**

Local Government Employees' Retirement System				
	2021	2020	2019	2018
Contractually required contribution	\$ 707,019	\$ 602,205	\$ 477,255	\$ 452,098
Contributions in relation to the contractually required contribution	<u>707,019</u>	<u>602,205</u>	<u>477,255</u>	<u>452,098</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Cornelius' covered payroll	\$ 6,724,394	\$ 6,448,215	\$ 5,890,617	\$ 5,798,287
Contributions as a percentage of covered payroll	10.51%	9.34%	8.10%	7.80%

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

TOWN OF CORNELIUS, NORTH CAROLINA**TOWN OF CORNELIUS' CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST EIGHT FISCAL YEARS**

Local Government Employees' Retirement System				
	2017	2016	2015	2014
Contractually required contribution	\$ 423,145	\$ 374,264	\$ 369,966	\$ 355,282
Contributions in relation to the contractually required contribution	<u>423,145</u>	<u>374,264</u>	<u>369,966</u>	<u>355,282</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Cornelius' covered payroll	\$ 5,522,682	\$ 5,407,566	\$ 5,107,670	\$ 4,951,342
Contributions as a percentage of covered payroll	7.66%	6.92%	7.24%	7.18%



SUPPLEMENTARY FINANCIAL DATA



TOWN OF CORNELIUS, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	2021		
	Budget	Actual	Variance Over/Under
Revenues:			
Ad Valorem Taxes:			
Taxes		\$ 16,884,111	
Penalties and interest		58,898	
Total	\$ 16,596,119	16,943,009	\$ 346,890
Other Taxes and Licenses:			
Gross receipts - rental vehicles		65,126	
Occupancy taxes		132,612	
Transportation tax		181,411	
Total	328,326	379,149	50,823
Unrestricted Intergovernmental:			
Local option sales tax		4,778,062	
Utility franchise tax		1,787,496	
Food and beverage tax		542,077	
Beer and wine tax		134,251	
ABC profit distribution		124,841	
Stormwater fees		432,314	
Total	6,015,050	7,799,041	1,783,991
Restricted Intergovernmental:			
Powell Bill allocation		750,982	
Solid waste disposal tax		23,830	
Controlled substance tax		11,798	
Public safety		28,538	
Parks and recreation		181,903	
Coronavirus relief funds		22,370	
FEMA grant		10,853	
Local contribution		595,312	
Total	829,472	1,625,586	796,114
Permits and Fees:			
Dispatch center fees		111,674	
Planning/zoning fees		47,705	
Animal fees		4,650	
Total	129,000	164,029	35,029
Sales and Services:			
Town Hall room rental		1,150	
Recreation program revenues		463,698	
Total	519,700	464,848	(54,852)

TOWN OF CORNELIUS, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	2021		
	Budget	Actual	Variance Over/Under
Investment Earnings	93,600	97,162	3,562
Miscellaneous:			
Donations		20,957	
Miscellaneous		724,773	
Total	758,500	745,730	(12,770)
Total revenues	25,269,767	28,218,554	2,948,787
Expenditures:			
General Government:			
Governing Board:			
Salaries and employee benefits		58,601	
Operating expenses		7,476	
Total	82,128	66,077	16,051
Administration:			
Salaries and employee benefits		1,102,035	
Professional services		55,652	
Capital outlay		449	
Operating expenditures		567,095	
Total	1,809,115	1,725,231	83,884
General Services:			
Professional services		292,297	
Other operating expenditures		30,000	
Total	402,506	322,297	80,209
Total general government	2,293,749	2,113,605	180,144
Public Safety:			
Police:			
Salaries and employee benefits		5,300,424	
Operating expenditures		882,773	
Professional services		231,409	
Capital outlay		934,379	
Total	7,744,467	7,348,985	395,482
Communication Center:			
Salaries and employee benefits		670,361	
Professional services		14,135	
Other operating expenditures		30,461	
Total	749,254	714,957	34,297

TOWN OF CORNELIUS, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	2021		
	Budget	Actual	Variance Over/Under
Fire:			
Salaries and employee benefits		92,474	
Professional services		8,545	
Capital outlay		67,619	
Other operating expenditures		111,596	
Donation to volunteer fire departments		1,561,449	
Total	2,782,095	1,841,683	940,412
Animal Control:			
Salaries and employee benefits		161,934	
Capital outlay		49,160	
Other operating expenses		37,886	
Total	271,180	248,980	22,200
Total public safety	11,546,996	10,154,605	1,392,391
Transportation:			
Streets and Highways:			
Salaries and employee benefits		484,637	
Operating expenses		442,965	
Capital outlay		60,000	
Contracted services		162,445	
Total	1,206,269	1,150,047	56,222
Powell Bill - Streets:			
Professional services		153,530	
Operating expenditures		5,944	
Capital outlay		50,466	
Total	1,018,000	209,940	808,060
Total transportation	2,224,269	1,359,987	864,282
Environmental Protection:			
Solid Waste:			
Contracted services		2,075,074	
Total	2,099,390	2,075,074	24,316
Stormwater:			
Contracted services		232,724	
Operating expenses		5,000	
Total	540,000	237,724	302,276
Total environmental protection	2,639,390	2,312,798	326,592

TOWN OF CORNELIUS, NORTH CAROLINA

**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021**

	2021		
	Budget	Actual	Variance Over/Under
Economic and Physical Development:			
Community Planning:			
Salaries and employee benefits		448,749	
Professional services		101,344	
Operating expenses		44,456	
Total	630,185	594,549	35,636
Tourism and Economic Development:			
Professional services		86,503	
Economic support		301,111	
Other operating expenditures		2,300	
Total	460,640	389,914	70,726
Total economic and physical development	1,090,825	984,463	106,362
Cultural and Recreation:			
Salaries and employee benefits		1,081,720	
Contracted services		662,618	
Capital outlay		672,415	
Operating expenses		472,332	
Total cultural and recreation	3,268,404	2,889,085	379,319
Debt Service:			
Principal retirement		2,674,518	
Interest and other charges		537,842	
Total debt service	3,247,950	3,212,360	35,590
Total expenditures	26,311,583	23,026,903	3,284,680
Revenues over (under) expenditures	(1,041,816)	5,191,651	6,233,467
Other Financing Sources (Uses):			
Long-term debt issued	2,104,890	1,338,000	(766,890)
Transfers to other funds	(1,399,967)	(1,402,526)	(2,559)
Appropriated fund balance	336,893	-	(336,893)
Total other financing sources (uses)	1,041,816	(64,526)	(1,106,342)
Net change in fund balance	\$ -	5,127,125	\$ 5,127,125
Fund Balance:			
Beginning of year - July 1		20,801,734	
End of year - June 30		\$ 25,928,859	

TOWN OF CORNELIUS, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND - CAPITAL RESERVE FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	\$ -	\$ 592,490	\$ 17,255	\$ 609,745	\$ 609,745
Revenues over (under) expenditures	-	592,490	17,255	609,745	609,745
Other Financing Sources (Uses):					
Transfers to other fund	(8,000,000)	(5,065,676)	-	(5,065,676)	2,934,324
Transfers from other fund	8,000,000	10,232,916	1,099,967	11,332,883	3,332,883
Total other financing sources (uses)	-	5,167,240	1,099,967	6,267,207	6,267,207
Net change in fund balance	\$ -	\$ 5,759,730	1,117,222	\$ 6,876,952	\$ 6,876,952
Fund Balance:					
Beginning of year - July 1			5,759,730		
End of year - June 30			\$ 6,876,952		

TOWN OF CORNELIUS, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND - PARKS BOND FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	\$ 2,000	\$ 118,875	\$ 15	\$ 118,890	\$ 116,890
Restricted intergovernmental	3,111,634	1,558,164	1,518,349	3,076,513	(35,121)
Total revenues	<u>3,113,634</u>	<u>1,677,039</u>	<u>1,518,364</u>	<u>3,195,403</u>	<u>81,769</u>
Expenditures:					
Professional services	1,160,155	843,006	41,418	884,424	275,731
Capital outlay	<u>6,153,479</u>	<u>3,494,613</u>	<u>1,858,701</u>	<u>5,353,314</u>	<u>800,165</u>
Total expenditures	<u>7,313,634</u>	<u>4,337,619</u>	<u>1,900,119</u>	<u>6,237,738</u>	<u>1,075,896</u>
Revenues over (under) expenditures	<u>(4,200,000)</u>	<u>(2,660,580)</u>	<u>(381,755)</u>	<u>(3,042,335)</u>	<u>1,157,665</u>
Other Financing Sources (Uses):					
Bond premium	117,924	117,924	-	117,924	-
Proceeds from bond issuance	<u>4,082,076</u>	<u>4,200,000</u>	<u>-</u>	<u>4,200,000</u>	<u>117,924</u>
Total other financing sources (uses)	<u>4,200,000</u>	<u>4,317,924</u>	<u>-</u>	<u>4,317,924</u>	<u>117,924</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,657,344</u>	<u>(381,755)</u>	<u>\$ 1,275,589</u>	<u>\$ 1,275,589</u>
Fund Balance:					
Beginning of year - July 1			<u>1,657,344</u>		
End of year - June 30			<u>\$ 1,275,589</u>		

TOWN OF CORNELIUS, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND - STREETS BOND FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	\$ 3,000	\$ 281,493	\$ 663	\$ 282,156	\$ 279,156
Expenditures:					
Professional services	420,000	722,637	50,449	773,086	(353,086)
Capital outlay	5,068,000	2,816,833	1,112,760	3,929,593	1,138,407
Total expenditures	5,488,000	3,539,470	1,163,209	4,702,679	785,321
Revenues over (under) expenditures	(5,485,000)	(3,257,977)	(1,162,546)	(4,420,523)	1,064,477
Other Financing Sources (Uses):					
Bond premium	156,318	156,318	-	156,318	-
Proceeds from bond issuance	5,328,682	5,485,000	-	5,485,000	156,318
Total other financing sources (uses)	5,485,000	5,641,318	-	5,641,318	156,318
Net change in fund balance	\$ -	\$ 2,383,341	(1,162,546)	\$ 1,220,795	\$ 1,220,795
Fund Balance:					
Beginning of year - July 1			2,383,341		
End of year - June 30			\$ 1,220,795		

TOWN OF CORNELIUS, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND - ARTS CENTER FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Miscellaneous revenues	\$ -	\$ 1,691,287	\$ -	\$ 1,691,287	\$ 1,691,287
Investment earnings	-	9,427	243	9,670	9,670
Total revenues	-	1,700,714	243	1,700,957	1,700,957
Expenditures:					
Capital outlay	2,195,286	1,080,031	594,940	1,674,971	520,315
Revenues over (under) expenditures	(2,195,286)	620,683	(594,697)	25,986	2,221,272
Other Financing Sources (Uses):					
Transfers from other fund	2,195,286	2,195,286	-	2,195,286	-
Net change in fund balance	\$ -	\$ 2,815,969	(594,697)	\$ 2,221,272	\$ 2,221,272
Fund Balance:					
Beginning of year - July 1			2,815,969		
End of year - June 30			\$ 2,221,272		

TOWN OF CORNELIUS, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND - 2018 SERIES STREETS BOND FUND
 SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
 IN FUND BALANCE - BUDGET AND ACTUAL
 FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	\$ -	\$ 212,686	\$ 1,483	\$ 214,169	\$ 214,169
Expenditures:					
Capital outlay	6,210,038	489,000	-	489,000	5,721,038
Revenues over (under) expenditures	(6,210,038)	(276,314)	1,483	(274,831)	5,935,207
Other Financing Sources (Uses):					
Bond premium	545,038	545,038	-	545,038	-
Proceeds from debt	5,665,000	5,665,000	-	5,665,000	-
Total other financing sources (uses)	6,210,038	6,210,038	-	6,210,038	-
Net change in fund balance	\$ -	\$ 5,933,724	1,483	\$ 5,935,207	\$ 5,935,207
Fund Balance:					
Beginning of year - July 1			5,933,724		
End of year - June 30			\$ 5,935,207		

TOWN OF CORNELIUS, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING BALANCE SHEET
 JUNE 30, 2021

	Special Revenue Fund		Capital Project Funds					
	Emergency Telephone System Fund	Diverging Diamond Interchange	Robbins Park/WAC	Public Works Building Capital Project Fund	2018 Series Parks Bond Capital Project Fund	Willow Pond Stream Restoration Project Fund	Total	
Assets:								
Cash and cash equivalents	\$ 391,374	\$ 185,675	\$ -	\$ -	\$ 660,000	\$ -	\$ 1,237,049	
Accounts receivable	2,707	-	-	-	-	323,632	326,339	
Due from other funds	-	7,847	-	1,983	763,325	-	773,155	
Total assets	<u>\$ 394,081</u>	<u>\$ 193,522</u>	<u>\$ -</u>	<u>\$ 1,983</u>	<u>\$ 1,423,325</u>	<u>\$ 323,632</u>	<u>\$ 2,336,543</u>	
Liabilities and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	\$ 668	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 668	
Due to other funds	31,208	-	-	-	-	323,632	354,840	
Total liabilities	<u>31,876</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>323,632</u>	<u>355,508</u>	
Fund Balances:								
Restricted:								
Stabilization by state statute	2,707	7,847	-	1,983	763,325	323,632	1,099,494	
Public safety	359,498	-	-	-	-	-	359,498	
Committed:								
Culture and recreation	-	-	-	-	660,000	-	660,000	
Transportation	-	185,675	-	-	-	-	185,675	
Unassigned	-	-	-	-	-	(323,632)	(323,632)	
Total fund balances	<u>362,205</u>	<u>193,522</u>	<u>-</u>	<u>1,983</u>	<u>1,423,325</u>	<u>-</u>	<u>1,981,035</u>	
Total liabilities and fund balances	<u>\$ 394,081</u>	<u>\$ 193,522</u>	<u>\$ -</u>	<u>\$ 1,983</u>	<u>\$ 1,423,325</u>	<u>\$ 323,632</u>	<u>\$ 2,336,543</u>	

TOWN OF CORNELIUS, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
 COMBINING STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES
 FOR THE YEAR ENDED JUNE 30, 2021

	Special Revenue Fund	Capital Project Funds					
	Emergency Telephone System Fund	Diverging Diamond Interchange	Robbins Park/WAC	Public Works Building Capital Project Fund	2018 Series Parks Bond Capital Project Fund	Willow Pond Stream Restoration Project Fund	Total
Revenues:							
Restricted intergovernmental	\$ 135,042	\$ -	\$ -	\$ -	\$ -	\$ 323,632	\$ 458,674
Investment earnings	3,277	-	-	-	179	-	3,456
Total revenues	138,319	-	-	-	179	323,632	462,130
Expenditures:							
Public safety	114,901	-	-	-	-	-	114,901
Environmental protection	-	-	-	-	-	623,632	623,632
Cultural and recreation	-	-	2,097	-	-	-	2,097
Total expenditures	114,901	-	2,097	-	-	623,632	740,630
Revenues over (under) expenditures	23,418	-	(2,097)	-	179	(300,000)	(278,500)
Other Financing Sources (Uses):							
Transfers in	2,559	-	-	-	-	300,000	302,559
Net change in fund balances	25,977	-	(2,097)	-	179	-	24,059
Fund Balances:							
Beginning of year - July 1	336,228	193,522	2,097	1,983	1,423,146	-	1,956,976
End of year - June 30	\$ 362,205	\$ 193,522	\$ -	\$ 1,983	\$ 1,423,325	\$ -	\$ 1,981,035

TOWN OF CORNELIUS, NORTH CAROLINA

SPECIAL REVENUE FUND - EMERGENCY TELEPHONE SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance Over/Under
Revenues:			
Restricted intergovernmental	\$ 135,042	\$ 135,042	\$ -
Investment earnings	1,790	3,277	1,487
Total revenues	<u>136,832</u>	<u>138,319</u>	<u>1,487</u>
Expenditures:			
Public safety	<u>136,832</u>	<u>114,901</u>	<u>21,931</u>
Revenues over (under) expenditures	-	23,418	23,418
Other Financing Sources (Uses):			
Transfers in	<u>-</u>	<u>2,559</u>	<u>2,559</u>
Net change in fund balance	<u>\$ -</u>	<u>25,977</u>	<u>\$ 25,977</u>
Fund Balance:			
Beginning of year - July 1		<u>336,228</u>	
End of year - June 30		<u>\$ 362,205</u>	

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - DIVERGING DIAMOND INTERCHANGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		<u>Actual</u>			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Expenditures:					
Professional services	\$ 1,261,467	\$ 1,090,945	\$ -	\$ 1,090,945	\$ 170,522
Revenues over (under) expenditures	(1,261,467)	(1,090,945)	-	(1,090,945)	170,522
Other Financing Sources (Uses):					
Transfer from General Fund	1,261,467	1,284,467	-	1,284,467	23,000
Net change in fund balance	<u>\$ -</u>	<u>\$ 193,522</u>	-	<u>\$ 193,522</u>	<u>\$ 193,522</u>
Fund Balance:					
Beginning of year - July 1			<u>193,522</u>		
End of year - June 30			<u>\$ 193,522</u>		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - ROBBINS PARK/WAC
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual			
	<u>Project</u>	<u>Prior</u>	<u>Current</u>	<u>Total</u>	<u>Variance</u>
	<u>Authorization</u>	<u>Years</u>	<u>Year</u>	<u>to Date</u>	<u>Over/Under</u>
Revenues:					
Restricted intergovernmental:					
PARTF Grant	\$ 800,000	\$ 800,000	\$ -	\$ 800,000	\$ -
Donations	17,500	18,248	-	18,248	748
Investment earnings	8,124	8,463	-	8,463	339
Total revenues	<u>825,624</u>	<u>826,711</u>	<u>-</u>	<u>826,711</u>	<u>1,087</u>
Expenditures:					
Professional services	1,840,000	1,244,912	-	1,244,912	595,088
Capital outlay	<u>5,527,500</u>	<u>5,521,578</u>	<u>2,097</u>	<u>5,523,675</u>	<u>3,825</u>
Total expenditures	<u>7,367,500</u>	<u>6,766,490</u>	<u>2,097</u>	<u>6,768,587</u>	<u>598,913</u>
Revenues over (under) expenditures	<u>(6,541,876)</u>	<u>(5,939,779)</u>	<u>(2,097)</u>	<u>(5,941,876)</u>	<u>600,000</u>
Other Financing Sources (Uses):					
Long-term debt issued	5,050,000	4,450,000	-	4,450,000	(600,000)
Transfer from General Fund	<u>1,491,876</u>	<u>1,491,876</u>	<u>-</u>	<u>1,491,876</u>	<u>-</u>
Total other financing sources (uses)	<u>6,541,876</u>	<u>5,941,876</u>	<u>-</u>	<u>5,941,876</u>	<u>(600,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 2,097</u>	<u>(2,097)</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>2,097</u>		
End of year - June 30			<u>\$ -</u>		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - PUBLIC WORKS BUILDING
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual			
	<u>Project Authorization</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total to Date</u>	<u>Variance Over/Under</u>
Revenues:					
Investment earnings	\$ -	\$ 87	\$ -	\$ 87	\$ 87
Expenditures:					
Capital outlay	2,000,000	1,998,104	-	1,998,104	1,896
Revenues over (under) expenditures	(2,000,000)	(1,998,017)	-	(1,998,017)	1,983
Other Financing Sources (Uses):					
Issuance of long-term debt	2,000,000	2,000,000	-	2,000,000	-
Net change in fund balance	<u>\$ -</u>	<u>\$ 1,983</u>	-	<u>\$ 1,983</u>	<u>\$ 1,983</u>
Fund Balance:					
Beginning of year - July 1			1,983		
End of year - June 30			<u>\$ 1,983</u>		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - 2018 SERIES PARKS BOND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	\$ -	\$ 32,454	\$ 179	\$ 32,633	\$ 32,633
Expenditures:					
Capital outlay	1,710,000	319,308	-	319,308	1,390,692
Revenues over (under) expenditures	(1,710,000)	(286,854)	179	(286,675)	1,423,325
Other Financing Sources (Uses):					
Proceeds from debt	1,050,000	1,050,000	-	1,050,000	-
Transfers from other fund	660,000	660,000	-	660,000	-
Total other financing sources (uses)	1,710,000	1,710,000	-	1,710,000	-
Net change in fund balance	\$ -	\$ 1,423,146	179	\$ 1,423,325	\$ 1,423,325
Fund Balance:					
Beginning of year - July 1			1,423,146		
End of year - June 30			\$ 1,423,325		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - WILLOW POND STREAM RESTORATION PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2021

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental:					
State grant revenues	\$ 300,000	\$ -	\$ 150,000	\$ 150,000	\$ (150,000)
Local grant revenues	<u>202,780</u>	<u>-</u>	<u>173,632</u>	<u>173,632</u>	<u>(29,148)</u>
Total revenues	<u>502,780</u>	<u>-</u>	<u>323,632</u>	<u>323,632</u>	<u>(179,148)</u>
Expenditures:					
Capital outlay	<u>802,780</u>	<u>-</u>	<u>623,632</u>	<u>623,632</u>	<u>179,148</u>
Revenues over (under) expenditures	(300,000)	-	(300,000)	(300,000)	-
Other Financing Sources (Uses):					
Transfers from other fund	<u>300,000</u>	<u>-</u>	<u>300,000</u>	<u>300,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Fund Balance:					
Beginning of year - July 1			<u>-</u>		
End of year - June 30			<u>\$ -</u>		

TOWN OF CORNELIUS, NORTH CAROLINA

**ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues:			
Operating Revenues:			
Charges for services	\$ 6,680,380	\$ 6,493,803	\$ (186,577)
Other operating revenue	-	24,558	24,558
Total operating revenues	<u>6,680,380</u>	<u>6,518,361</u>	<u>(162,019)</u>
Non-Operating Revenues:			
Investment earnings	-	435	435
NCMPA rebate	1,106,535	1,106,535	-
Miscellaneous	<u>15,465</u>	<u>9,728</u>	<u>(5,737)</u>
Total non-operating revenues	<u>1,122,000</u>	<u>1,116,698</u>	<u>(5,302)</u>
Total revenues	<u>7,802,380</u>	<u>7,635,059</u>	<u>(167,321)</u>
Expenditures:			
Administration:			
Administrative and contracted services	<u>230,800</u>	<u>124,105</u>	<u>106,695</u>
Operating:			
Salaries and employee benefits	777,900	645,335	132,565
Contracted maintenance	105,800	80,853	24,947
Other operating expenses	<u>747,400</u>	<u>640,614</u>	<u>106,786</u>
Total operating expenses	<u>1,631,100</u>	<u>1,366,802</u>	<u>264,298</u>
Electrical power purchases	<u>4,625,962</u>	<u>4,675,915</u>	<u>(49,953)</u>
Capital Outlay:			
Equipment	<u>1,291,500</u>	<u>287,572</u>	<u>1,003,928</u>
Debt Service:			
Principal repayment	38,000	25,728	12,272
Interest and fees	<u>3,428</u>	<u>300</u>	<u>3,128</u>
Total	<u>41,428</u>	<u>26,028</u>	<u>15,400</u>
Contingency	<u>231,590</u>	<u>-</u>	<u>231,590</u>
Total expenditures	<u>8,052,380</u>	<u>6,480,422</u>	<u>1,571,958</u>

TOWN OF CORNELIUS, NORTH CAROLINA

**ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2021**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Over/Under</u>
Revenues over (under) expenditures	(250,000)	1,154,637	1,404,637
Other Financing Sources (Uses):			
Proceeds from note issuance	<u>250,000</u>	<u>250,000</u>	<u>-</u>
Revenues and other financing sources over (under) expenditures and other financing uses	<u>\$ -</u>	1,404,637	<u>\$ 1,404,637</u>
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual:			
Capital outlay		287,572	
Depreciation		(495,036)	
Proceeds from note issuance		(250,000)	
Principal repayment		<u>25,728</u>	
Change in net position		<u>\$ 972,901</u>	

TOWN OF CORNELIUS, NORTH CAROLINA

PENSION TRUST FUNDS

COMBINING STATEMENTS OF FIDUCIARY NET POSITION

JUNE 30, 2021

	<u>OPEB Trust</u> <u>Fund</u>	<u>LEOSSA Trust</u> <u>Fund</u>	<u>Total</u>
Assets:			
Restricted assets:			
Investments:			
Cash and cash equivalents			
Fixed income	\$ 209,748	\$ 209,749	\$ 419,497
Total assets	209,748	209,749	419,497
Net Position:			
Net position restricted for post-employment benefits other than pensions	209,748	-	209,748
Net position restricted for defined benefit pensions	-	209,749	209,749
Total net position	\$ 209,748	\$ 209,749	\$ 419,497

TOWN OF CORNELIUS, NORTH CAROLINA

PENSION TRUST FUNDS

COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021

	<u>OPEB Trust</u> <u>Fund</u>	<u>LEOSSA Trust</u> <u>Fund</u>	<u>Total</u>
Additions:			
Investment income	\$ 940	\$ 840	\$ 1,780
Change in net position	940	840	1,780
Net Position:			
Beginning of year - July 1	<u>208,808</u>	<u>208,909</u>	<u>417,717</u>
End of year - June 30	<u>\$ 209,748</u>	<u>\$ 209,749</u>	<u>\$ 419,497</u>

TOWN OF CORNELIUS, NORTH CAROLINA**GENERAL FUND****SCHEDULE OF AD VALOREM TAXES RECEIVABLE****JUNE 30, 2021**

Fiscal Year	Beginning Balance	Additions	Collections and Credits	Ending Balance
2020-2021	\$ -	\$ 16,622,292	\$ 16,517,534	\$ 104,758
2019-2020	135,087	-	93,245	41,842
2018-2019	34,036	-	4,237	29,799
2017-2018	21,416	-	1,409	20,007
2016-2017	28,610	-	1,133	27,477
2015-2016	16,381	-	841	15,540
2014-2015	18,834	-	882	17,952
2013-2014	28,305	-	445	27,860
2012-2013	31,640	-	507	31,133
2011-2012	29,342	-	73	29,269
2010-2011	49,213	-	49,213	-
Total	<u>\$ 392,864</u>	<u>\$ 16,622,292</u>	<u>\$ 16,669,519</u>	345,637
Less: Allowance for uncollectible accounts				<u>(117,400)</u>
Ad valorem taxes receivable, net				<u>\$ 228,237</u>
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				\$ 16,943,009
Reconciling items:				
Penalties and interest collected				(58,898)
Amounts written off due to Statute of Limitations				49,213
Vehicles fees				(271,396)
Miscellaneous adjustments				<u>7,591</u>
Total collections and credits				<u>\$ 16,669,519</u>

TOWN OF CORNELIUS, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2021

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	<u>\$ 7,466,938,379</u>	\$ 0.222	<u>\$ 16,628,442</u>	<u>\$ 15,546,914</u>	<u>\$ 1,081,528</u>
Total original levy	7,466,938,379		16,628,442	15,546,914	1,081,528
Discoveries	20,022,405		44,449	44,449	-
Releases	<u>(22,792,473)</u>		<u>(50,599)</u>	<u>(50,599)</u>	<u>-</u>
Net Levy	<u>\$ 7,464,168,311</u>		16,622,292	15,540,764	1,081,528
Uncollected taxes at June 30, 2021			<u>(104,758)</u>	<u>(104,758)</u>	<u>-</u>
Current Year's Taxes Collected			<u>\$ 16,517,534</u>	<u>\$ 15,436,006</u>	<u>\$ 1,081,528</u>
Current Levy Collection Percentage			<u>99.37%</u>	<u>99.33%</u>	<u>100.00%</u>
Prior year levy collection percentage			<u>99.17%</u>	<u>99.12%</u>	<u>100.00%</u>



STATISTICAL SECTION



Statistical Section

This part of the Town of Cornelius' Annual Comprehensive 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.

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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.	104-111
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.	112-116
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.	117-121
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.	122-125
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.	126-129

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental activities				
Net investment in capital assets	\$30,698,517	\$33,020,585	\$35,540,964	\$37,867,184
Restricted	1,846,429	2,226,837	3,276,468	12,767,936
Unrestricted	<u>12,869,922</u>	<u>11,790,116</u>	<u>11,079,870</u>	<u>2,185,428</u>
Total governmental activities net position	<u>45,414,868</u>	<u>47,037,538</u>	<u>49,897,302</u>	<u>52,820,548</u>
Business-type activities				
Net investment in capital assets	\$ 5,483,939	\$ 5,210,663	\$ 5,034,940	\$ 5,255,017
Unrestricted	<u>990,552</u>	<u>1,183,245</u>	<u>1,586,340</u>	<u>1,535,838</u>
Total business-type activities net position	<u>6,474,491</u>	<u>6,393,908</u>	<u>6,621,280</u>	<u>6,790,855</u>
Primary Government				
Net investment in capital assets	\$36,182,456	\$38,231,248	\$40,575,904	\$43,122,201
Restricted	1,846,429	2,226,837	3,276,468	12,767,936
Unrestricted	<u>13,860,474</u>	<u>12,973,361</u>	<u>12,666,210</u>	<u>3,721,266</u>
Total primary government activities net position	<u>\$51,889,359</u>	<u>\$53,431,446</u>	<u>\$56,518,582</u>	<u>\$59,611,403</u>

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

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

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

Table 1

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$41,722,122	\$47,899,276	\$49,983,641	\$51,399,791	\$52,710,712	\$54,717,996
10,480,695	2,129,351	2,687,009	3,716,807	4,838,130	8,470,904
<u>5,145,658</u>	<u>12,009,734</u>	<u>12,937,018</u>	<u>16,691,941</u>	<u>21,311,487</u>	<u>22,989,232</u>
<u>57,348,475</u>	<u>62,038,361</u>	<u>65,607,668</u>	<u>71,808,539</u>	<u>78,860,329</u>	<u>86,178,132</u>
\$ 5,272,789	\$ 5,432,969	\$ 5,435,308	\$ 5,383,807	\$ 5,137,508	\$ 4,705,772
<u>2,065,372</u>	<u>2,247,491</u>	<u>2,580,847</u>	<u>3,068,709</u>	<u>3,964,482</u>	<u>5,369,119</u>
<u>7,338,161</u>	<u>7,680,460</u>	<u>8,016,155</u>	<u>8,452,516</u>	<u>9,101,990</u>	<u>10,074,891</u>
\$46,994,911	\$53,332,245	\$55,418,949	\$56,783,598	\$57,848,220	\$59,423,768
10,480,695	2,129,351	2,687,009	3,716,807	4,838,130	8,470,904
<u>7,211,030</u>	<u>14,257,225</u>	<u>15,517,865</u>	<u>19,760,650</u>	<u>25,275,969</u>	<u>28,358,351</u>
<u>\$64,686,636</u>	<u>\$69,718,821</u>	<u>\$73,623,823</u>	<u>\$80,261,055</u>	<u>\$87,962,319</u>	<u>\$96,253,023</u>

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

Expenses	2012	2013	2014	2015	2016
Governmental activities:					
General government	\$ 1,998,319	\$ 2,038,339	\$ 2,086,798	\$ 1,938,352	\$ 2,276,375
Public safety	7,398,993	8,048,233	7,721,100	7,922,022	8,815,704
Highways/streets	1,593,866	1,877,535	1,611,801	1,838,500	1,943,529
Environmental protection	1,951,637	2,079,300	2,140,755	2,025,550	1,879,713
Economic development	1,013,068	1,157,450	1,098,875	1,144,610	1,069,184
Cultural and recreation	1,686,276	1,811,507	1,823,352	2,171,282	2,264,597
Interest on long-term debt	465,080	377,090	368,695	279,722	445,768
Total governmental activities expenses	<u>\$ 16,107,239</u>	<u>\$ 17,389,454</u>	<u>\$ 16,851,376</u>	<u>\$ 17,320,038</u>	<u>\$ 18,694,870</u>
Business-type activities:					
Electric	4,820,909	5,244,234	5,463,270	6,032,382	5,933,912
Total business-type activities	<u>4,820,909</u>	<u>5,244,234</u>	<u>5,463,270</u>	<u>6,032,382</u>	<u>5,933,912</u>
Total primary governmental expenses	<u>\$ 20,928,148</u>	<u>\$ 22,633,688</u>	<u>\$ 22,314,646</u>	<u>\$ 23,352,420</u>	<u>\$ 24,628,782</u>
Program Revenues					
Governmental activities:					
Charges for services					
General Government	\$ 222,051	\$ 30,273	\$ 11,567	\$ 24,146	\$ 19,052
Public Safety	552,375	168,935	176,250	176,882	612,460
Highways/streets	-	-	-	-	-
Economic development	41,086	53,825	52,399	55,349	75,211
Cultural and recreation	395,048	438,953	418,852	496,773	696,420
Operating grants and contributions	1,772,246	1,623,033	2,276,584	2,091,597	1,951,014
Capital grants and contributions	57,573	38,237	10,461	391,925	1,091,287
Total governmental activities program revenues	<u>3,040,379</u>	<u>2,353,256</u>	<u>2,946,113</u>	<u>3,236,672</u>	<u>4,445,444</u>
Business-type activities:					
Charges for services					
Electric	\$ 5,065,272	\$ 5,163,650	\$ 5,690,640	\$ 6,201,503	\$ 6,479,803
Operating grants and contributions	-	-	-	-	-
Total business-type activities program revenues	<u>5,065,272</u>	<u>5,163,650</u>	<u>5,690,640</u>	<u>6,201,503</u>	<u>6,479,803</u>
Total primary government program revenues	<u>\$ 8,105,651</u>	<u>\$ 7,516,906</u>	<u>\$ 8,636,753</u>	<u>\$ 9,438,175</u>	<u>\$ 10,925,247</u>
Net (expense)/revenue:					
Governmental activities	\$ (13,066,860)	\$ (15,036,198)	\$ (13,905,263)	\$ (14,083,366)	\$ (14,249,426)
Business-type activities	244,363	(80,584)	227,370	169,121	545,891
Total primary government net revenue	<u>\$ (12,822,497)</u>	<u>\$ (15,116,782)</u>	<u>\$ (13,677,893)</u>	<u>\$ (13,914,245)</u>	<u>\$ (13,703,535)</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes					
Property taxes	12,399,104	11,854,618	11,722,994	12,259,089	12,576,326
Sales taxes	2,427,774	2,594,177	2,739,189	2,926,603	3,159,517
Other taxes and licenses	2,103,407	2,166,963	2,258,485	2,662,261	2,954,128
Unrestricted investment earnings	53,617	43,110	44,359	48,538	87,382
Miscellaneous	-	-	-	-	-
Total governmental activities	<u>16,983,902</u>	<u>16,658,868</u>	<u>16,765,027</u>	<u>17,896,491</u>	<u>18,777,353</u>
Business-type activities:					
Investment earnings	620	1	2	454	1,415
Miscellaneous	-	-	-	-	-
Total business-type activities	<u>620</u>	<u>1</u>	<u>2</u>	<u>454</u>	<u>1,415</u>
Total primary government	<u>\$ 16,984,522</u>	<u>\$ 16,658,869</u>	<u>\$ 16,765,029</u>	<u>\$ 17,896,945</u>	<u>\$ 18,778,768</u>
Change in Net Position					
Governmental activities	\$ 3,917,042	\$ 1,622,670	\$ 2,859,764	\$ 3,813,125	\$ 4,527,927
Business-type activities	244,983	(80,583)	227,372	169,575	547,306
Total primary government	<u>\$ 4,162,025</u>	<u>\$ 1,542,087</u>	<u>\$ 3,087,136</u>	<u>\$ 3,982,700</u>	<u>\$ 5,075,233</u>

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

Table 2

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 1,919,663	\$ 4,069,355	\$ 2,261,191	\$ 2,973,308	\$ 2,431,731
9,547,889	9,150,439	10,022,509	10,906,466	11,361,905
1,889,059	659,823	1,734,771	2,087,769	2,117,872
2,115,660	2,047,279	2,221,519	2,191,485	2,316,606
1,538,853	1,167,279	1,031,889	987,670	1,022,687
2,864,193	3,102,510	3,456,777	3,582,954	3,148,035
<u>394,371</u>	<u>300,753</u>	<u>551,834</u>	<u>534,867</u>	<u>476,660</u>
<u>\$ 20,269,688</u>	<u>\$ 20,497,438</u>	<u>\$ 21,280,490</u>	<u>\$ 23,264,519</u>	<u>\$ 22,875,496</u>
<u>6,222,530</u>	<u>6,274,610</u>	<u>6,367,888</u>	<u>6,568,665</u>	<u>6,652,430</u>
<u>6,222,530</u>	<u>6,274,610</u>	<u>6,367,888</u>	<u>6,568,665</u>	<u>6,652,430</u>
<u>\$ 26,492,218</u>	<u>\$ 26,772,048</u>	<u>\$ 27,648,378</u>	<u>\$ 29,833,184</u>	<u>\$ 29,527,926</u>
\$ 76,489	\$ 84,540	\$ 69,126	\$ 366,262	\$ 599,168
71,176	71,915	68,522	70,050	64,788
-	-	-	-	-
150,505	118,302	86,723	42,175	47,730
639,063	749,629	799,047	647,142	556,923
1,892,199	2,042,861	2,314,551	2,195,182	1,866,626
<u>2,175,723</u>	<u>96,137</u>	<u>1,266,105</u>	<u>2,211,276</u>	<u>1,841,981</u>
<u>5,005,155</u>	<u>3,163,384</u>	<u>4,604,074</u>	<u>5,532,087</u>	<u>4,977,216</u>
\$ 6,545,889	\$ 6,618,464	\$ 6,789,623	\$ 6,466,617	\$ 6,518,361
-	-	-	-	-
<u>6,545,889</u>	<u>6,618,464</u>	<u>6,789,623</u>	<u>6,466,617</u>	<u>6,518,361</u>
<u>\$ 11,551,044</u>	<u>\$ 9,781,848</u>	<u>\$ 11,393,697</u>	<u>\$ 11,998,704</u>	<u>\$ 11,495,577</u>
\$ (15,264,533)	\$ (17,334,054)	\$ (16,676,416)	\$ (17,732,432)	\$ (17,898,280)
323,359	343,854	421,735	(102,048)	(134,069)
<u>\$ (14,941,174)</u>	<u>\$ (16,990,200)</u>	<u>\$ (16,254,681)</u>	<u>\$ (17,834,480)</u>	<u>\$ (18,032,349)</u>
13,728,353	14,093,480	14,415,240	16,580,791	16,917,616
3,237,518	3,736,084	3,983,699	4,026,827	379,149
3,472,656	3,566,007	3,731,456	3,570,829	7,799,041
148,641	321,554	746,892	605,775	120,277
-	-	-	-	-
<u>20,587,168</u>	<u>21,717,125</u>	<u>22,877,287</u>	<u>24,784,222</u>	<u>25,216,083</u>
2,814	7,967	14,626	9,320	435
-	-	-	742,202	1,106,535
<u>2,814</u>	<u>7,967</u>	<u>14,626</u>	<u>751,522</u>	<u>1,106,970</u>
<u>\$ 20,589,982</u>	<u>\$ 21,725,092</u>	<u>\$ 22,891,913</u>	<u>\$ 25,535,744</u>	<u>\$ 26,323,053</u>
\$ 5,322,635	\$ 4,383,071	\$ 6,200,871	\$ 7,051,790	\$ 7,317,803
326,173	351,821	436,361	649,474	972,901
<u>\$ 5,648,808</u>	<u>\$ 4,734,892</u>	<u>\$ 6,637,232</u>	<u>\$ 7,701,264</u>	<u>\$ 8,290,704</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Non Spendable	\$ 167,514	\$ 192,007	\$ 184,223	\$ 450,088
Restricted	1,528,738	1,162,160	1,394,511	1,615,933
Committed	-	-	-	-
Unassigned	9,852,303	9,655,447	11,029,748	11,485,725
Total General Fund	<u>\$ 11,548,555</u>	<u>\$ 11,009,614</u>	<u>\$ 12,608,482</u>	<u>\$ 13,551,746</u>
All other governmental funds				
Restricted in Special Revenue	\$ 277,920	\$ 325,013	\$ 447,557	\$ 524,651
Restricted in Capital Project	39,771	739,664	2,421,547	10,627,352
Committed in Capital Project	3,038,146	2,807,643	2,476,123	2,352,445
Unassigned in Capital Project	-	(37,758)	(720,410)	(314,576)
Total all other governmental funds	<u>\$ 3,355,837</u>	<u>\$ 3,834,562</u>	<u>\$ 4,624,817</u>	<u>\$ 13,189,872</u>

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

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

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

Table 3

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 264,918	\$ 217,378	\$ 347,638	\$ 208,850	\$ 277,167	\$ 145,978
1,829,706	1,682,396	2,641,326	2,484,974	2,910,338	5,663,760
-	-	-	-	-	889,140
13,780,551	12,326,584	12,518,218	14,296,838	17,614,229	19,229,981
<u>\$ 15,875,175</u>	<u>\$ 14,226,358</u>	<u>\$ 15,507,182</u>	<u>\$ 16,990,662</u>	<u>\$ 20,801,734</u>	<u>\$ 25,928,859</u>
\$ 232,237	\$ 131,975	\$ 233,378	\$ 323,462	\$ 336,228	\$ 362,205
8,776,492	7,318,353	7,342,139	12,886,643	10,859,707	9,861,085
2,198,733	2,954,768	3,708,244	7,368,115	9,617,851	9,926,644
(1,122,895)	(187,299)	(51,670)	(389,285)	(306,702)	(639,084)
<u>\$ 10,084,567</u>	<u>\$ 10,217,797</u>	<u>\$ 11,232,091</u>	<u>\$ 20,188,935</u>	<u>\$ 20,507,084</u>	<u>\$ 19,510,850</u>

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Revenues				
Ad Valorem Taxes	\$ 12,273,774	\$ 11,944,763	\$ 11,914,458	\$ 12,286,050
Other Taxes	444,650	480,117	544,034	590,481
Unrestricted Intergovernmental	4,622,157	4,811,103	5,000,248	5,595,784
Restricted Intergovernmental	887,985	1,031,659	1,607,282	1,803,101
Permits and fees	731,812	197,474	187,487	206,306
Sales and Services	358,550	388,584	389,695	372,116
Investment Earnings	53,617	43,110	44,359	48,538
Miscellaneous	526,406	205,459	215,041	257,748
Total revenues	<u>\$ 19,898,951</u>	<u>\$ 19,102,269</u>	<u>\$ 19,902,604</u>	<u>\$ 21,160,124</u>
Expenditures				
General government	\$ 1,560,017	\$ 1,608,398	\$ 1,670,214	\$ 1,851,048
Public safety	6,406,569	6,708,620	6,828,895	7,046,363
Transportation	1,149,840	1,270,759	1,122,127	1,321,559
Economic and physical development	1,031,414	1,150,788	1,096,507	1,100,592
Environmental Protection	1,928,391	2,079,300	2,139,315	2,065,760
Cultural and Recreation	1,403,959	1,341,164	1,461,090	1,691,296
Capital Outlay	3,285,670	2,448,230	2,496,673	4,444,796
Debt service				
Principal	\$ 2,645,906	\$ 2,358,137	\$ 2,223,037	\$ 2,318,569
Interest and other charges	465,080	377,089	310,623	280,715
Total expenditures	<u>\$ 19,876,846</u>	<u>\$ 19,342,485</u>	<u>\$ 19,348,481</u>	<u>\$ 22,120,698</u>
Excess of revenues over (under) expenditures	\$ 22,105	\$ (240,216)	\$ 554,123	\$ (960,574)
Other financing sources (uses)				
Long-term debt issued	650,000	180,000	1,835,000	10,194,651
Payments made to bondholders	-	-	-	-
Bond Premium	-	-	-	274,242
Transfers from other funds	591,299	1,035,000	522,428	57,570
Transfers to other funds	(591,299)	(1,035,000)	(522,428)	(57,570)
Proceeds from disposal of assets	-	-	-	-
Proceeds from debt refinancing	-	-	-	-
Total other financing sources (uses)	<u>\$ 650,000</u>	<u>\$ 180,000</u>	<u>\$ 1,835,000</u>	<u>\$ 10,468,893</u>
Net change in fund balances	<u>\$ 672,105</u>	<u>\$ (60,216)</u>	<u>\$ 2,389,123</u>	<u>\$ 9,508,319</u>
Debt services as a percentage of noncapital expenditures	18.8%	16.2%	15.0%	14.7%

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

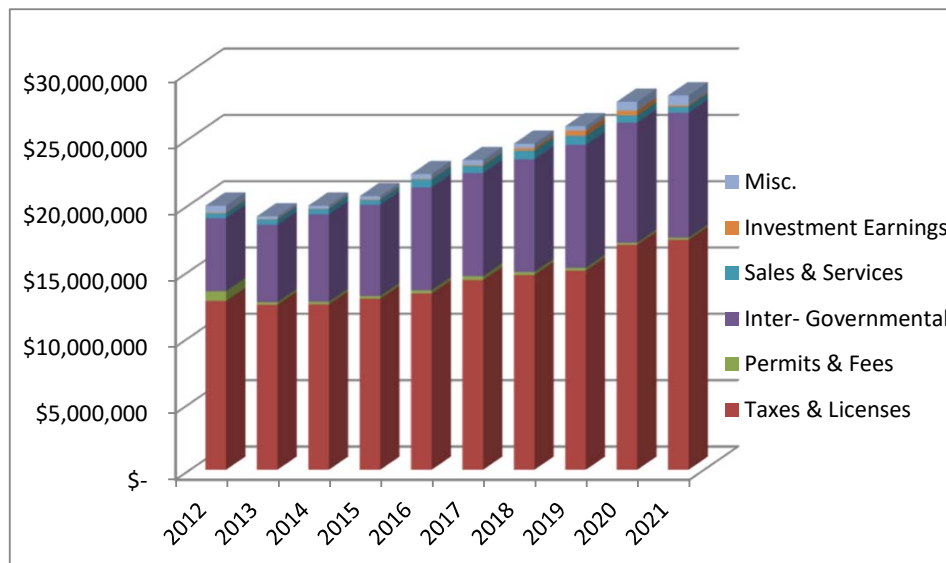
Table 4

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 12,630,725	\$ 13,734,400	\$ 14,129,432	\$ 14,426,414	\$ 16,513,048	\$ 16,943,009
5,723,324	550,628	538,564	574,464	430,401	379,149
1,016,064	6,159,546	6,763,527	7,140,691	7,167,255	7,799,041
2,626,780	3,800,538	1,935,017	3,022,448	2,764,259	3,602,609
230,946	294,951	231,782	216,945	170,606	164,029
598,586	536,949	657,268	695,168	546,500	464,848
87,382	148,641	321,554	746,892	605,775	120,277
363,387	372,717	339,317	669,513	2,050,722	745,730
<u>\$ 23,277,194</u>	<u>\$ 25,598,370</u>	<u>\$ 24,916,461</u>	<u>\$ 27,492,535</u>	<u>\$ 30,248,566</u>	<u>\$ 30,218,692</u>
\$ 1,887,985	\$ 1,624,247	\$ 3,691,510	\$ 1,941,590	\$ 2,121,814	\$ 2,113,605
7,784,894	8,033,847	8,017,661	8,388,370	8,993,206	9,218,348
1,380,712	1,264,751	31,496	918,203	1,216,796	1,249,521
1,065,376	1,522,468	1,165,682	1,012,389	946,032	984,463
1,879,713	2,111,852	2,043,471	2,217,711	2,187,677	2,312,798
1,738,227	2,155,036	2,444,183	2,626,959	2,533,752	2,216,670
6,083,497	6,044,532	5,909,687	6,617,581	5,387,694	6,118,036
\$ 2,775,130	\$ 4,345,739	\$ 1,908,658	\$ 1,944,800	\$ 2,139,116	\$ 2,674,518
461,900	423,485	320,174	451,978	593,258	537,842
<u>\$ 25,057,434</u>	<u>\$ 27,525,957</u>	<u>\$ 25,532,522</u>	<u>\$ 26,119,581</u>	<u>\$ 26,119,345</u>	<u>\$ 27,425,801</u>
\$ (1,780,240)	\$ (1,927,587)	\$ (616,061)	\$ 1,372,954	\$ 4,129,221	\$ 2,792,891
998,364	412,000	2,911,179	8,522,332	-	1,338,000
-	-	-	-	-	-
-	-	-	545,038	-	-
162,676	771,735	1,436,475	2,757,562	1,699,951	1,402,526
(162,676)	(771,735)	(1,436,475)	(2,757,562)	(1,699,951)	(1,402,526)
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 998,364</u>	<u>\$ 412,000</u>	<u>\$ 2,911,179</u>	<u>\$ 9,067,370</u>	<u>\$ -</u>	<u>\$ 1,338,000</u>
<u>\$ (781,876)</u>	<u>\$ (1,515,587)</u>	<u>\$ 2,295,118</u>	<u>\$ 10,440,324</u>	<u>\$ 4,129,221</u>	<u>\$ 4,130,891</u>
17.1%	22.2%	11.4%	12.3%	13.2%	15.1%

Table 5

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

Fiscal Year	Taxes & Licenses	Permits & Fees	Inter-Governmental	Sales & Services	Investment Earnings	Misc.	Fiscal Year Total
2012	\$12,718,424	\$ 731,812	\$ 5,510,142	\$358,550	\$ 53,617	\$ 526,406	\$ 19,898,951
2013	12,424,880	197,474	5,842,762	388,584	43,110	205,459	19,102,269
2014	12,458,492	187,487	6,607,530	389,695	44,359	215,041	19,902,604
2015	12,876,531	206,306	6,877,138	372,116	40,210	249,748	20,622,049
2016	13,280,707	230,946	7,762,972	598,586	49,746	363,387	22,286,344
2017	14,285,028	294,951	7,778,082	536,949	76,775	372,717	23,344,502
2018	14,667,996	231,782	8,501,035	657,268	181,043	339,317	24,578,441
2019	15,000,878	216,945	9,259,084	695,168	375,765	347,546	25,895,386
2020	16,943,449	170,606	9,050,347	546,500	345,864	681,402	27,738,168
2021	17,322,158	164,029	9,424,627	464,848	97,162	745,730	28,218,554



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

Table 6

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

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Value*	Total Direct Tax Rate **
2012	\$ 4,507,658,983	\$ 394,174,354	\$ 19,241,063	\$4,921,074,400	\$ 0.250
2013	4,440,886,176	476,831,727	21,507,097	4,939,225,000	0.240
2014	4,414,674,766	519,621,726	21,243,091	4,955,539,583	0.240
2015	4,477,150,817	501,553,379	21,378,304	5,000,082,500	0.240
2016	4,598,688,808	613,512,960	23,360,732	5,235,562,500	0.240
2017	4,689,876,576	719,717,923	22,401,187	5,431,995,686	0.255
2018	4,919,769,638	473,803,428	21,612,424	5,415,185,490	0.255
2019	4,814,977,598	713,334,108	23,819,654	5,552,131,360	0.255
2020	6,692,903,110	631,816,714	28,332,011	7,353,051,835	0.222
2021	6,763,722,679	670,705,772	29,739,860	7,464,168,311	0.222

Source: Mecklenburg County Tax Assessor's Office

*Total assessed values are net of abatements

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

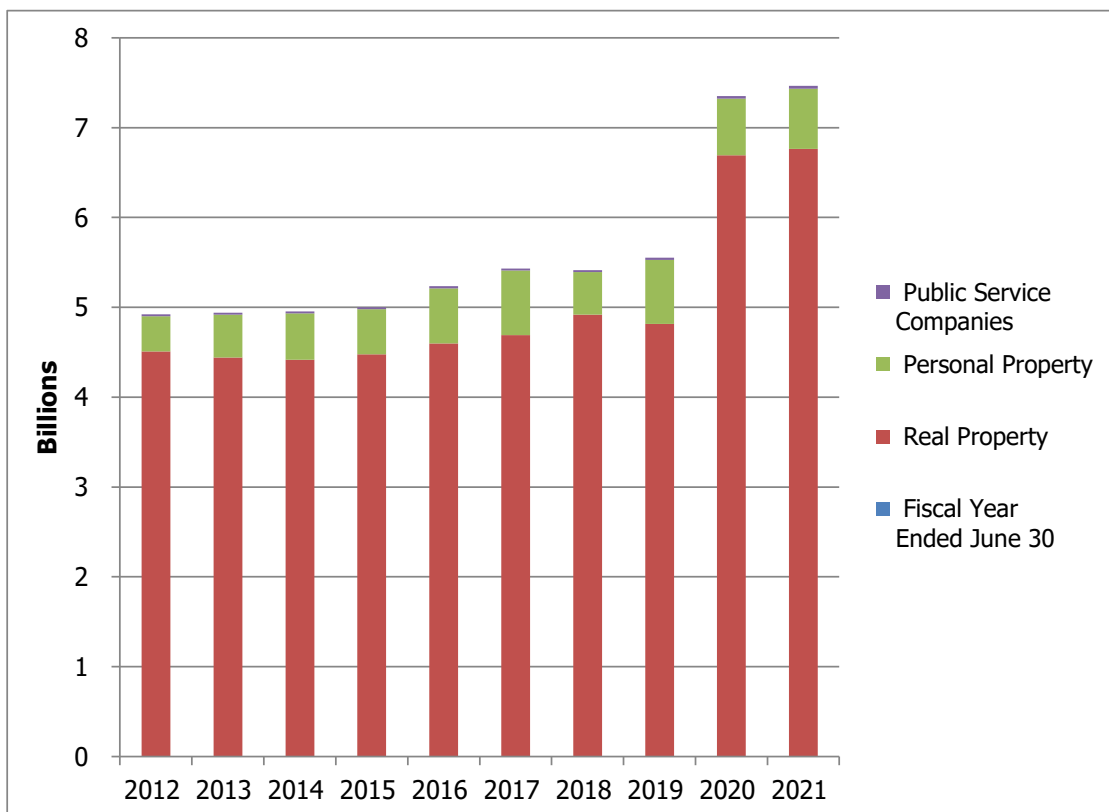


Table 7

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

Fiscal Year	Town of Cornelius		Mecklenburg County		Total Direct and Overlapping
	Operating Rate	Total Direct Rate	County Rate	Total County	
2012	0.250	0.250	0.8166	0.8166	1.0666
2013	0.240	0.240	0.7922	0.7922	1.0322
2014	0.240	0.240	0.8157	0.8157	1.0557
2015	0.240	0.240	0.8157	0.8157	1.0557
2016	0.240	0.240	0.8157	0.8157	1.0557
2017	0.255	0.255	0.8157	0.8157	1.0707
2018	0.255	0.255	0.8157	0.8157	1.0707
2019	0.255	0.255	0.8232	0.8232	1.0782
2020	0.222	0.222	0.6169	0.6169	0.8389
2021	0.222	0.222	0.6169	0.6169	0.8389

Table 8

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

2011				2021			
Taxpayer	Taxable Assessed		Percentage of Total Taxable Assessed	Taxpayer	Taxable Assessed		Percentage of Total Taxable Assessed
	Value	Rank			Value	Rank	
WMCI Charlotte III LLC	\$ 34,842,776	1	0.90%	WMCI Charlotte III LLC	\$ 70,084,500	1	0.94%
Kings Park LLC	22,832,834	2	0.59%	Spyglass GPG Junction, LLC	55,974,400	2	0.75%
BBR/Marina Waterfront LLC	18,646,500	3	0.48%	**The Property Owner 1 LP	41,625,300	3	0.56%
The Peninsula Club Inc	17,143,875	4	0.44%	Kings Park LLC	38,222,500	4	0.51%
Cornelius Development LLC	14,218,100	5	0.37%	*Legacy Cornelius	34,002,975	5	0.46%
Inland Southeast Southlake LLC	13,169,700	6	0.34%	Kenton Place Operating Comp LLC	30,873,000	6	0.41%
One Norman Square LP	11,721,938	7	0.30%	Colonial Realty LTD Partnership	29,248,100	8	0.39%
Foamex Innovations	10,452,692	8	0.27%	CCC One Norman Square LLC	22,659,200	7	0.30%
MW Ark LLC	8,616,100	9	0.22%	VRS Magnolia Plaza	22,322,700	9	0.30%
Gre Jeton LLC	6,804,200	10	0.18%	DDR Southeast Southlake LLC	20,668,100	10	0.28%
Totals	<u>\$158,448,715</u>		<u>4.08%</u>	Totals	<u>\$365,680,775</u>		<u>4.90%</u>

Source: Mecklenburg County Office of the Tax Collector

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

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

Table 9

Town of Cornelius
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Total Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 12,523,984	\$ 12,262,875	97.92%	\$ 182,005	\$ 12,444,880	99.37%
2013	12,084,536	11,878,424	98.29%	144,127	12,022,551	99.49%
2014	11,893,295	11,790,135	99.13%	50,055	11,840,190	99.55%
2015	12,000,198	11,924,578	99.37%	42,837	11,967,415	99.73%
2016	12,565,350	12,517,067	99.62%	18,469	12,535,536	99.76%
2017	13,851,589	13,788,226	99.54%	26,723	13,814,949	99.74%
2018	13,808,723	13,762,477	99.67%	22,310	13,784,787	99.83%
2019	14,180,203	14,125,046	99.61%	21,121	14,146,167	99.76%
2020	16,343,188	16,208,101	99.17%	93,245	16,301,346	99.74%
2021	16,622,292	16,517,534	99.37%	-	16,517,534	99.37%

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

Table 10

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

Fiscal Year	Governmental		Business-type		Per Capita	% of Per Capita Income	Population
	Installment Financings	General Obligation Bonds	Installment Financings	Total Primary Government			
2012	\$ 10,949,723	\$ 1,924,775	\$ -	\$ 12,874,498	502	0.54%	25,671
2013	8,871,586	1,799,886	-	10,671,472	400	0.69%	26,650
2014	8,888,549	1,370,000	-	10,258,549	371	0.81%	27,655
2015	7,484,631	10,924,242	-	18,408,873	645	0.45%	28,540
2016	6,602,865	10,013,110	128,636	16,744,611	569	0.49%	29,431
2017	3,559,126	9,106,978	102,909	12,769,013	423	0.70%	30,207
2018	5,236,647	8,415,846	77,182	13,729,675	441	0.61%	31,158
2019	5,684,179	15,074,752	51,455	20,810,386	656	0.41%	31,737
2020	4,480,064	14,096,368	25,728	18,602,160	579	0.48%	32,144
2021	4,078,545	13,117,984	250,000	17,446,529	554	0.52%	31,489

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

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

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

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

Table 11

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

Fiscal Year	General Obligation Bonds	Assessed Value	Ratio of Bonded Debt To Assess Value	Population	GO Debt Per Capita
2012	\$ 1,924,775	\$ 4,921,074,400	0.04%	25,671	75
2013	1,799,886	4,939,225,000	0.04%	26,650	68
2014	1,370,000	4,955,539,583	0.03%	27,655	50
2015	10,924,242	5,000,082,500	0.22%	28,540	383
2016	10,013,110	5,235,562,500	0.19%	29,431	340
2017	9,106,978	5,431,995,686	0.17%	30,207	301
2018	8,415,846	5,415,185,490	0.16%	31,158	270
2019	15,074,752	5,552,131,360	0.27%	31,737	475
2020	14,096,368	7,353,051,835	0.19%	32,144	439
2021	13,117,984	7,464,168,311	0.18%	31,489	417

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

Town of Cornelius
Direct and Overlapping Governmental Activities Debt
As of June 30, 2021

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
<i>Towns:</i>			
Cornelius (1)	\$ 17,196,529	100%	\$ 17,196,529
<i>Counties:</i>			
Mecklenburg County (2)	<u>1,801,143,229</u>	3.96%	<u>71,374,209</u>
Total direct and overlapping debt	<u>\$ 1,818,339,758</u>		<u>\$ 88,570,738</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 city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the Town of Cornelius. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses 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 Cornelius
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Assessed Value of Property	\$4,921,074,400	\$4,939,225,000	\$4,955,539,583	\$5,000,082,500
Debt Limit, 8% of Assessed Value (Statutory Limitation)	<u>393,685,952</u>	<u>395,138,000</u>	<u>396,443,167</u>	<u>400,006,600</u>
Debt applicable to debt limitations:				
Total bonded debt	1,875,000	1,775,000	1,370,000	10,650,000
Debt not evidenced by bonds	10,949,723	8,871,586	8,888,549	7,484,631
Statutory Deductions	(1,875,000)	(1,775,000)	(1,370,000)	(10,650,000)
Total debt applicable to limitations	<u>10,949,723</u>	<u>8,871,586</u>	<u>8,888,549</u>	<u>7,484,631</u>
Legal debt margin	<u>\$ 382,736,229</u>	<u>\$ 386,266,414</u>	<u>\$ 387,554,618</u>	<u>\$ 392,521,969</u>
Total net debt applicable to the limit as a percentage of debt limit	2.8%	2.2%	2.2%	1.9%

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

Table 13

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$5,235,562,500	\$5,431,995,686	\$5,415,185,490	\$5,552,131,360	\$7,353,051,835	\$7,464,168,311
<u>418,845,000</u>	<u>434,559,655</u>	<u>433,214,839</u>	<u>444,170,509</u>	<u>588,244,147</u>	<u>597,133,465</u>
9,755,000	8,865,000	8,190,000	14,320,000	13,385,000	12,450,000
6,602,865	3,559,126	5,236,648	5,684,179	4,505,791	4,328,545
(9,755,000)	(8,865,000)	(8,190,000)	(14,320,000)	(13,385,000)	(12,450,000)
<u>6,602,865</u>	<u>3,559,126</u>	<u>5,236,648</u>	<u>5,684,179</u>	<u>4,505,791</u>	<u>4,328,545</u>
<u>\$ 412,242,135</u>	<u>\$ 431,000,529</u>	<u>\$ 427,978,191</u>	<u>\$ 438,486,330</u>	<u>\$ 583,738,356</u>	<u>\$ 592,804,920</u>
1.6%	0.8%	1.2%	1.3%	0.8%	0.7%

Table 14

Town of Cornelius
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Total Personal Income *	Per Capita Personal Income**	School Enrollment***	Mecklenburg County Unemployment Rate****	Town Median Family Income*****
2012	25,671	\$ 43,073,097	\$ 32,333	140,773	*****9.5%	\$ 69,219
2013	26,650	Not Available	33,200	141,171	*****9.4%	73,804
2014	27,655	Not Available	33,905	142,612	*****6.8%	83,147
2015	28,540	Not Available	39,277	145,363	*****4.9%	83,020
2016	29,431	Not Available	49,511	146,140	*****4.8%	82,698
2017	30,207	Not Available	42,627	146,571	*****4.0%	90,000
2018	31,158	Not Available	52,894	147,157	*****4.1%	84,277
2019	31,737	Not Available	50,524	148,299	*****3.7%	85,908
2020	32,144	Not Available	51,953	151,111	*****8.5%	88,366
2021	31,489	Not Available	54,875	144,882	*****4.9%	90,542

* United States Census Bureau from the year 2000 and 2010

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

*** Mecklenburg County School Systems

**** Mecklenburg County Government

***** Claritas Market Statistics

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

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

Table 15

Town of Cornelius
Principal Employers
Current Year and One Year Ago

<u>Employer</u>	<u>2021</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Charlotte Mecklenburg Schools	443	1	1.41%
Town of Cornelius	128	2	0.41%
The Peninsula Club	125	3	0.40%
Financial Independence Group Inc.	110	4	0.35%
Lake Norman Chrysler Jeep Dodge Ram	80	5	0.25%
Modern Nissan of Lake Norman	75	6	0.24%
McDonald's	60	7	0.19%
Lake Norman Infiniti	60	8	0.19%
Asset Management Technologies Inc	50	9	0.16%
VectorVest Inc.	50	10	0.16%
	<u>1,181</u>		<u>3.75%</u>

<u>Employer</u>	<u>2020</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment</u>
Charlotte Mecklenburg Schools	467	1	1.45%
The Peninsula Club	125	2	0.39%
Town of Cornelius	123	3	0.38%
Financial Independence Group Inc.	110	4	0.34%
Lake Norman Chrysler Jeep Dodge Ram	80	5	0.25%
Modern Nissan of Lake Norman	75	6	0.23%
McDonald's	60	7	0.19%
Lake Norman Infiniti	60	8	0.19%
Asset Management Technologies Inc	50	9	0.16%
VectorVest Inc.	50	10	0.16%
	<u>1,200</u>		<u>3.73%</u>

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

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

Function	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General government	11	11	11	11	11
Police	59	59	59	59	67
Communications	12	10	10	10	10
Fire	0	0	0	0	0
Animal Control	2	2	2	2	2
Public Works	9	7	7	7	8
Parks and Recreation	10	10	10	10	11
Planning	6	6	6	6	6
	109	105	105	105	115

Source: Town of Cornelius Budget

Table 16

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
9	10	11	11	11
69	69	71	71	71
10	10	10	10	10
0	0	0	0	6
2	2	2	2	2
8	8	8	8	8
12	14	14	14	14
6	6	6	6	6
116	119	122	122	128

Town of Cornelius
Operating Indicators by Function
Last Ten Fiscal Years

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Function				
Police				
Physical arrests	636	588	634	514
Traffic violations	3,340	1,919	2,998	2,695
Fire				
Number of calls answered	2,273	2,405	2,501	2,654
Highways and streets				
Town Maintained Streets (miles)	94	95.38	96.79	97.78
Culture and recreation				
Facility reservations issued	525	745	783	3,432
Event attendance	10,750	8,595	14,445	24,000

Sources: Various government departments.

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

Additional detail not available

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

Table 17

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
506	576	269	283	346	296
3,109	4,117	3,667	3,153	3,395	2,071
2,740	2,929	3,065	2,985	2,917	3,081
99.51	100.29	101.28	103.15	104.07	106.13
6,898	15,218	21,015	17,147	9,445	17,000
24,200	25,600	33,000	35,350	19,700	38,000

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

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Function					
Public safety					
Police stations	1	1	1	1	1
Fire stations	2	2	2	2	2
Highways and streets					
Streets (miles)	94	95.38	96.79	97.78	99.51
Traffic signals	16	16	16	16	16
Parks and Recreation					
Parks acreage	343	343	348	356	370
Parks	10	10	10	10	14
Libraries	1	1	1	1	1

Data provided by Town Staff

Table 18

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
1	1	1	1	1
2	2	2	2	2
100.29	101.28	103.15	104.07	106.13
17	17	17	17	17
433	450	454	454	454
14	14	14	14	14
1	1	1	1	1



COMPLIANCE SECTION



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

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

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cornelius, North Carolina, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Town of Cornelius' basic financial statements, and have issued our report thereon dated October 22, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Town of Cornelius' internal control over financial reporting (internal control) 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 Cornelius' internal control. Accordingly, we do not express an opinion on the effectiveness of the Town's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Town of Cornelius' financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, non-compliance with which could have a direct and material effect on the 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 22, 2021

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

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

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

Independent Auditor's Report

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

Report on Compliance for Each Major Federal Program

We have audited the Town of Cornelius, North Carolina's compliance with the types of compliance requirements described in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Cornelius' major federal programs for the year ended June 30, 2021. The Town of Cornelius' major federal 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Town of Cornelius' major federal 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; the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Those standards, the 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 federal program occurred. An audit includes examining, on a test basis, evidence about the Town of Cornelius' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the Town of Cornelius complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Town of Cornelius is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Town of Cornelius's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal 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 of Cornelius' 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 federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or 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 federal 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 a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal 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 the 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 22, 2021

TOWN OF CORNELIUS, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2021

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

Federal Awards

Internal control over major federal programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditor's report issued on compliance for major federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	No

Identification of major federal programs:

<u>Program Name</u>	<u>AL#</u>
Equitable Sharing Program	16.922
Highway Planning and Construction Cluster	20.205
Dollar threshold used to distinguish between Type A and Type B Programs	<u>\$750,000</u>
Auditee qualified as low-risk auditee?	No

2. Financial Statement Findings

None reported

3. Federal Award Findings and Questioned Costs

None reported

TOWN OF CORNELIUS, NORTH CAROLINA
SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2021

None reported.

TOWN OF CORNELIUS, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS FOR THE YEAR ENDED JUNE 30, 2021

Federal/State Program Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor's Number	Fed. (Direct and Pass-Through) Expenditures	State Expenditures	Pass-through to Subrecipients
<u>Federal Assistance</u>					
<u>U.S. Department of Justice</u>					
Criminal Division					
Equitable Sharing Program	16.922		\$ 200,630	\$ -	\$ -
<u>U.S. Department of Transportation:</u>					
Passed-through the N.C. Department of Transportation:					
Highway Planning and Construction Cluster					
Highway Planning and Construction	20.205	46417.3.1	1,518,349	-	-
Total Highway Planning and Construction Cluster			1,518,349	-	-
Total U.S. Department of Transportation			1,518,349	-	-
<u>U.S. Department of Treasury</u>					
Passed-through Mecklenburg County					
COVID-19 / Coronavirus Relief Fund	21.019		22,370	-	-
Passed-through N.C. Office of Management and Budget					
Passed-through N.C. Alliance of YMCAs					
COVID-19 Coronavirus Relief Fund	21.019		88,678	-	-
Total U.S. Department of Treasury			111,048	-	-
<u>U.S. Environmental Protection Agency</u>					
Passed-through the N.C. Department of Environmental Quality:					
Nonpoint Source Implementation Grants	66.460		150,000	-	-
Total U.S. Environmental Protection Agency			150,000	-	-
<u>U.S. Department of Homeland Security</u>					
Passed-through N.C. Department of Public Safety					
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036		10,853	-	-
Total Federal Assistance			\$ 1,990,880	-	-
<u>State Assistance</u>					
<u>North Carolina Department of Transportation</u>					
Powell Bill		DOT-4		207,830	-
Total State Assistance				\$ 207,830	\$ -

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of the Town of Cornelius under the programs of the federal government and the State of North Carolina for the year ended June 30, 2021. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Cornelius, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Town of Cornelius.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

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

