

TOWN OF MINT HILL, NORTH CAROLINA

Audited Financial Statements

For the Fiscal Year Ended June 30, 2018

Board of Commissioners

Ted H. Biggers, Mayor

Mike Cochrane

Dale Dalton

Carl M. Ellington

Richard Newton

Administrative and Financial Staff

Brian L. Welch, Town Manager

D. Lee Bailey, Deputy Town Manager

Naida Sergel, Finance Director

TOWN OF MINT HILL, NORTH CAROLINA

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mint Hill, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, based on our audit, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mint Hill, North Carolina as of June 30, 2018, and the respective Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual for the General Fund and the Storm Water Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report, dated November 21, 2018, on our consideration of Town of Mint Hill's internal control over financial reporting and on our test of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of the report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Mint Hill's internal control over financial reporting and compliance.

Rowell, Craven & Short, P.A.

Rowell Craven & Short P.A.
Charlotte, North Carolina
November 21, 2018



Town of Mint Hill

Management's Discussion and Analysis

Introduction

As management of the Town of Mint Hill (the Town), we offer readers of the Town of Mint Hill's financial statements this narrative overview and analysis of the financial activities of the Town of Mint Hill for the fiscal year ended June 30, 2018. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights of the Year

- The assets of the Town *exceeded* its liabilities and deferred inflow of resources at the close of the fiscal year by \$62,264,721.
- The Town's total net position *increased* by \$13,981,155 primarily due to contributed streets to the Town's maintenance system. An increase in actual revenues and expenditures compared to previous year revenues and expenditures remained steadfast throughout the year.
- As of the close of the current fiscal year, the Town's governmental funds reported combined ending fund balances of \$9,082,205, an *increase* of \$1,006,417 in fund balance. Approximately 16.84% of this total amount or \$1,529,416 is restricted.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$5,886,428 or 44.83% of total general fund expenditures for the fiscal year.
- The Town's debt decreased to \$1,105,682 during the current fiscal year.
- The Town maintained its A1 bond rating in fiscal year 2018.

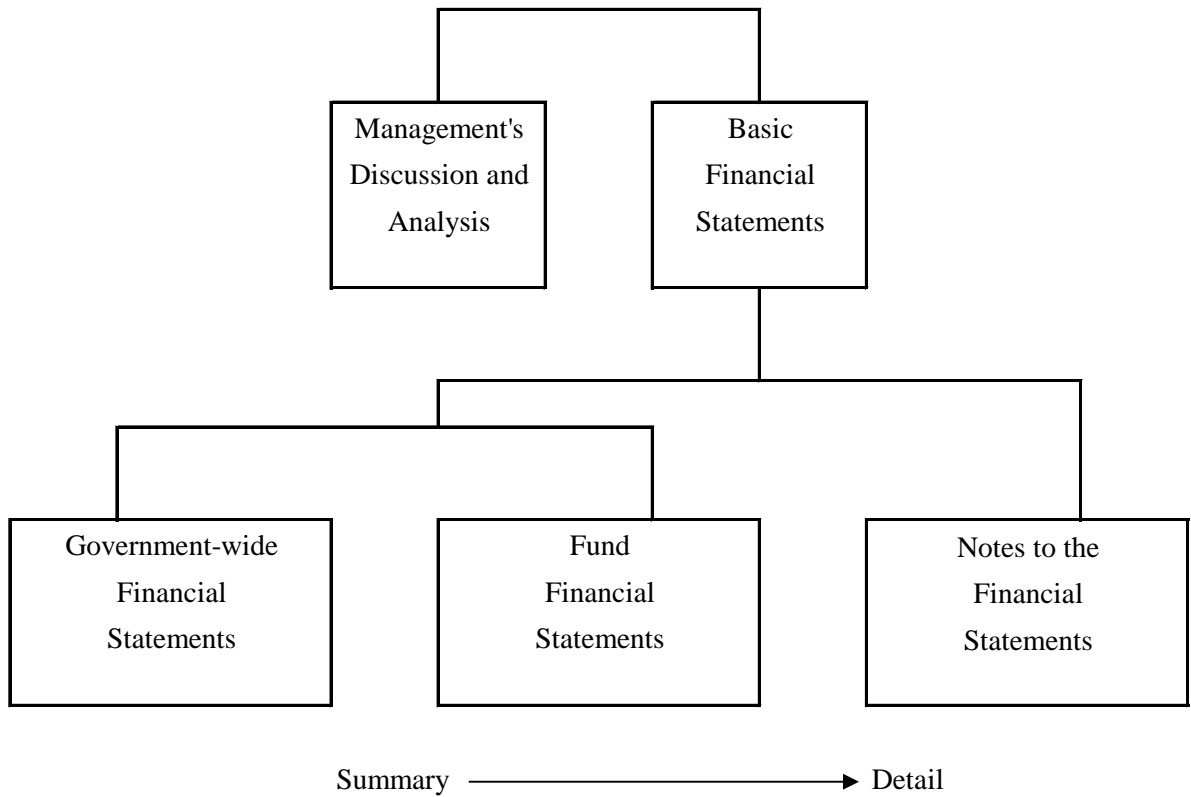
Overview of the Financial Statements

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

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Mint Hill, North Carolina 28227
(704) 545-9726

Required Components of Annual Financial Report

Figure 1



Basic Financial Statements

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

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

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

Government-wide Financial Statements

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

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

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

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

Fund Financial Statements

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

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

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

Notes to the Financial Statements – The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements are on pages 21 through 54 of this report.

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

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

Government-Wide Financial Analysis

The Town of Mint Hill's Net Position
Figure 2

	Governmental-Type	
	Activities	
	2018	2017
Current and other assets	\$ 10,443,040	\$ 10,629,225
Capital assets	58,364,753	44,682,336
Deferred outflows of resources	953,612	1,554,853
Total assets and deferred outflows of resources	69,761,405	56,866,414
Long-term liabilities outstanding	5,500,994	4,969,454
Other liabilities	1,360,205	1,953,398
Deferred inflows of resources	635,485	216,340
Total liabilities and deferred inflows of resources	7,496,684	7,139,192
Net position:		
Invested in capital assets, net of related debt	57,934,071	43,319,042
Restricted	1,529,416	1,534,628
Unrestricted	2,801,234	4,873,552
Total net position	\$ 62,264,721	\$ 49,727,222

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Mint Hill exceeded liabilities and deferred inflow of resources by \$62,264,721 as of June 30, 2018. The net position of the Town increased by \$13,981,155 for the fiscal year ended June 30, 2018. However, the largest portion (93.04%) reflects the Town's investment in capital assets (e.g. land, buildings, machinery and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Mint Hill uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Mint Hill's investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities. An additional portion of the Town's net position \$1,529,416 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$2,801,234 is unrestricted.

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

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.55%, which is comparable to the statewide average of 99.08%.
- Continued low cost of debt due to the Town's high bond rating and on-going relationship with financing source(s).

Town of Mint Hill Changes in Net Position
Figure 3

	Governmental Activities	
	2018	2017
Revenues:		
Program revenues:		
Operating grants and contributions	\$ 1,395,280	\$ 1,876,448
Capital grants and contributions	15,008,000	1,792,000
General revenues:		
Property taxes	6,988,494	6,792,735
Other taxes	222,935	181,199
Grants and contributions not restricted to specific programs	3,402,747	3,204,467
Other	1,663,110	1,512,764
Total revenues	<u>28,680,566</u>	<u>15,359,613</u>
Expenses:		
General government	2,666,950	2,209,321
Public safety	6,284,170	6,208,319
Transportation	3,200,823	3,028,986
Environmental protection	2,153,353	2,112,088
Culture and recreation	327,486	403,263
Interest on long-term debt	66,629	81,407
Total expenses	<u>14,699,411</u>	<u>14,043,384</u>
Increase (decrease) in net position	<u>13,981,155</u>	<u>1,316,229</u>
Net position, July 1 (consolidated) as previously reported	49,727,222	48,474,051
Restatement (Note 2.L)	<u>(1,443,656)</u>	<u>(63,058)</u>
Net position, July 1 (consolidated) as restated	<u>48,283,566</u>	<u>48,410,993</u>
Net position, June 30	<u>\$ 62,264,721</u>	<u>\$ 49,727,222</u>

Governmental activities. Governmental activities increased the Town's net position by \$13,980,705 thereby accounting for 0.23% increase in the net position of the Town of Mint Hill. Key elements of this increase are as follows:

- Roads valued at \$15,008,000 were contributed to the Town's maintenance system.
- Expenditures were adequately controlled and increased by only \$656,027, primarily due to public safety and street maintenance.
- Maximized tax collections also contributed to the favorable net position.

The Town implemented governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Town to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the Town related to OPEB (Other Postemployment Benefits) during the measurement period (fiscal year ending June 30, 2017). As a result, net position for the governmental activities decreased by \$1,443,656.

Town management acknowledges that 2018 was a successful year and plans on improving upon these approaches as a long-term strategy to realize continued fiscal health.

Financial Analysis of the Town Funds

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

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

The general fund is the chief operating fund of the Town of Mint Hill. At the end of the current fiscal year, the Town's unassigned fund balance in the General Fund was \$5,886,428 while total fund balance reached \$8,583,029. The Governing Body of the Town has determined that the Town should maintain an available fund balance of 25% of general fund expenditures in case of unforeseen needs or opportunities, in addition to meeting cash flow needs of the Town. The Town currently has an available fund balance of 44.83% of general fund expenditures, while total fund balance represents 65.37% of the same amount.

At June 30, 2018, the governmental funds of the Town reported a combined fund balance of \$9,082,205 with a net increase in fund balance of \$1,006,417. Included in this change in fund balance is an increase in the fund balance of the General Fund and a decrease in fund balance of the Special Revenues Fund. The main reason for the increase in the General Fund was a steadiness in ad valorem taxes revenue and grant revenue and a controlling total expenditures. The main reason for the decrease in the Special Revenues Fund was the increase in capital outlay expenditures.

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

During this fiscal year, the Town revised its Powell Bill budget on one occasion by \$304,000 to account for additional development bond funds received for paving from Mecklenburg County and other private developments.

Capital Asset and Debt Administration

Capital Assets. The Town's investment in capital assets for its governmental activities as of June 30, 2018, totals \$58,364,753 (net of accumulated depreciation). These assets include land, buildings, roads, machinery and equipment, park facilities and vehicles. Major capital asset transactions during the year include the following additions and disposals.

- \$15,008,000 added to value of roads in Town's maintenance system.
- \$538,715 for capital asset additions for Town vehicles for public safety and public works, equipment, for public works and parks.
- \$134,110 was spent on sidewalks.
- \$72,648 was spent for the new Athletic Park project and fountain at the Town Hall.

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

	Governmental Activities	
	2018	2017
Land	\$ 4,062,131	\$ 4,062,131
Construction in progress	741,220	566,263
Buildings	6,919,054	7,148,021
Land improvements	1,689,663	1,826,981
Transportation equipment	649,877	465,422
General equipment	193,851	272,897
Police equipment	220,060	180,060
Recreation equipment	349,357	368,199
Infrastructure	43,539,540	29,792,362
Total	\$ 58,364,753	\$ 44,682,336

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

Long-term Debt. As of June 30, 2018, the Town of Mint Hill had total outstanding debt of \$1,105,682. The entire debt is backed by the full faith and credit of the Town.

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

Figure 5

	Governmental Activities	
	2018	2017
General obligation bonds	\$ 675,000	\$ 1,100,000
Installment purchase obligations	430,682	263,294
Total	\$ 1,105,682	\$ 1,363,294

The Town of Mint Hill's total debt decreased by \$257,612 or (18.9%) during the past fiscal year.

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

North Carolina general statutes limit the amount of general obligation debt that a unit of government can issue to 8 percent of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town is \$206,338,220.

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

Economic Factors and Next Year's Budgets and Rates

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

- Additional land was acquired and continued designs were made for the new athletic park.

Budget Highlights for the Fiscal Year Ending June 30, 2019

The Town of Mint Hill relies on property taxes for approximately 52% of the General Fund Budget Revenues. The assessment of all property located in the Town of Mint Hill is provided to us by Mecklenburg County. The assessed property value is projected at \$2,630,838,338. The General Fund tax rate remains at 27¢ per one hundred dollars (\$100) valuation of property with an average collection rate of 99.55%. Ad Valorem tax revenues (including prior year taxes to be collected) for the coming fiscal year are budgeted at \$7,055,000.

The State of North Carolina grants local governments the authority to levy a local sales tax of up to 2.5%, with the state sales tax. Mecklenburg County levies this tax with Mint Hill receiving sales tax revenues based on an Ad Valorem basis. The fiscal year 2018-2019 sales tax projection is \$1,750,000. Data received from the North Carolina League of Municipalities suggests that this fiscal year's sales tax collections will result in an approximate 4.5% increase over the last fiscal year.

The Town has not annexed any industrial or residential areas that will significantly impact Franchise Tax revenue. This revenue source is expected to be \$1,050,000 for fiscal year 2018-2019.

State estimates report that the Powell Bill distribution will remain the same for fiscal year 2018-2019.

Budgeted expenditures are expected to remain steady for fiscal year 2019.

Requests for Information

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

TOWN OF MINT HILL, NORTH CAROLINA

Exhibit 1

**Statement of Net Position
June 30, 2018**

	Primary Government Governmental Activities
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 7,883,017
Taxes receivable	162,495
Accounts receivable, net	1,244,522
Bond payments receivable, current	425,000
Restricted cash and cash equivalents	478,006
Total current assets	<u>10,193,040</u>
Non-current assets:	
Capital assets (Note 2):	
Land, non-depreciable improvements, and construction in progress	4,803,351
Other capital assets, net of depreciation	53,561,402
Total capital assets	<u>58,364,753</u>
Bond payments receivable, long-term	250,000
Total non-current assets	<u>58,614,753</u>
Total assets	<u>68,807,793</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows related to pensions	559,169
Contributions to pension plan in current fiscal year	346,768
Deferred outflows related to pensions - LEOSSA	37,826
Deferred outflows related to OPEB	9,849
Total deferred outflows of resources	<u>953,612</u>
LIABILITIES	
Current liabilities:	
Accounts payable and accrued liabilities	356,254
Payable from restricted assets (Powell Bill)	118,115
Drug forfeiture payable	48,973
Accrued interest payable	5,074
Current portion of long-term debt	831,789
Total current liabilities	<u>1,360,205</u>
Long-term liabilities:	
Due in more than one year	5,500,994
Total liabilities	<u>6,861,199</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pensions - LGERS	214,975
Deferred inflows related to pensions - LEOSSA	56,701
Deferred inflows related to OPEB	363,809
Total deferred inflows of resources	<u>635,485</u>
NET POSITION	
Net investment in capital assets	57,934,071
Restricted for:	
Stabilization by state statute	1,051,409
Streets - Powell Bill	277,928
Police - Drug forfeiture	200,079
Unrestricted	2,801,234
Total net position	<u>\$ 62,264,721</u>

TOWN OF MINT HILL, NORTH CAROLINA

Exhibit 2

*Statement of Activities
For the Fiscal Year Ended June 30, 2018*

		Program Revenues		Net (Expense) Revenues and Changes in Net Assets Primary Government
		Operating Grants and Contributions	Capital Grants and Contributions	
	Expenses			Governmental Activities
Functions/Programs:				
Primary government:				
Governmental activities:				
General government	\$ 2,666,950	\$ 254,762	\$ 15,008,000	\$ 12,595,812
Public safety	6,284,170	66,569	-	(6,217,601)
Transportation	3,200,823	1,056,073	-	(2,144,750)
Environmental protection	2,153,353	17,876	-	(2,135,477)
Culture and recreation	327,486	-	-	(327,486)
Interest and other charges	66,629	-	-	(66,629)
Total governmental activities and primary government	<u>\$ 14,699,411</u>	<u>\$ 1,395,280</u>	<u>\$ 15,008,000</u>	<u>1,703,869</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				6,988,494
Other taxes				222,935
Grants and contributions not restricted to specific programs				3,402,747
Unrestricted investment earnings				123,332
Loss on disposal of assets				(4,268)
Miscellaneous				1,544,046
Total general revenues				<u>12,277,286</u>
Change in net position				13,981,155
Net position, beginning, previously reported				49,727,222
Restatement				(1,443,656)
Net position, beginning, restated				<u>48,283,566</u>
Net position, ending				<u>\$ 62,264,721</u>

TOWN OF MINT HILL, NORTH CAROLINA

Exhibit 3

Balance Sheet
Governmental Funds
June 30, 2018

	Major Funds			Total
	General	Storm Water	Non-Major Funds	Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 7,222,220	\$ 660,797	\$ -	\$ 7,883,017
Restricted cash and cash equivalents	478,006	-	-	478,006
Taxes receivable	162,495	-	-	162,495
Auto taxes and fees receivable	22,796	-	-	22,796
Accounts receivable (net)	11,378	-	-	11,378
Due from other funds	184,251	(184,251)	-	-
Due from other governments	1,185,723	24,634	-	1,210,357
Total assets	<u>\$ 9,266,869</u>	<u>\$ 501,180</u>	<u>\$ -</u>	<u>\$ 9,768,049</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 354,257	\$ 2,004	\$ -	\$ 356,261
Payable from restricted assets (Powell Bill)	118,115	-	-	118,115
Total liabilities	<u>472,372</u>	<u>2,004</u>	<u>-</u>	<u>474,376</u>
DEFERRED INFLOWS OF RESOURCES				
Property taxes receivable	162,495	-	-	162,495
Police forfeiture funds	48,973	-	-	48,973
Total deferred inflows of resources	<u>211,468</u>	<u>-</u>	<u>-</u>	<u>211,468</u>
FUND BALANCES				
Restricted				
Stabilization by state statute	1,051,409	-	-	1,051,409
Streets - Powell Bill	277,928	-	-	277,928
Police - Drug forfeiture	200,079	-	-	200,079
Committed				
Environmental projects	-	499,176	-	499,176
Tourism	174,822	-	-	174,822
Capital projects	-	-	-	-
Assigned				
Subsequent year's expenditures	974,267	-	-	974,267
Police - Fundraiser	18,096	-	-	18,096
Unassigned	5,886,428	-	-	5,886,428
Total fund balances	<u>8,583,029</u>	<u>499,176</u>	<u>-</u>	<u>9,082,205</u>
Total fund balances, deferred inflows of resources and fund balances	<u>\$ 9,266,869</u>	<u>\$ 501,180</u>	<u>\$ -</u>	<u>\$ 9,768,049</u>

TOWN OF MINT HILL, NORTH CAROLINA

***Exhibit 3,
Continued***

***Reconciliation of Balance Sheet of
Governmental Funds to the Statement of Net Position
June 30, 2018***

Amounts reported for governmental activities in the statement of net position
(Exhibit 1) are different because:

Total fund balance- governmental funds	\$	9,082,205
--	----	-----------

Capital assets used in governmental activities are not financial resources
and, therefore, are not reported in the funds.

Gross capital assets at historical cost	\$ 76,336,878	
Accumulated depreciation	<u>(17,972,125)</u>	58,364,753

Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position.	346,768
--	---------

Deferred outflows of resources related to pensions are not reported in the funds	559,169
---	---------

Deferred outflows of resources related to OPEB are not reported in the funds	9,849
---	-------

Other long-term assets are not available to pay for current-period expenditures and, therefore, are not reported in the funds.	675,000
---	---------

Liabilities for earned but deferred revenues in fund statements.	162,495
--	---------

Deferred inflows of resources related to pensions are not reported in the funds	(233,850)
--	-----------

Deferred inflows of resources related to OPEB are not reported in the funds	(363,809)
--	-----------

Some liabilities, including bonds payable, accrued interest, pension and other postemployment benefits, and compensated absences are not due and payable in the current period and, therefore, are not reported in the funds.	<u>(6,337,859)</u>
--	--------------------

Net position of governmental activities	\$ <u>62,264,721</u>
--	-----------------------------

TOWN OF MINT HILL, NORTH CAROLINA

Exhibit 4

**Statement of Revenues, Expenditures and Changes in Fund Balance
Governmental Funds
For the Fiscal Year Ended June 30, 2018**

	Major Funds			Total Governmental Funds
	General	Storm Water	Non-Major Funds	
REVENUES				
Ad valorem taxes	\$ 7,043,788	\$ -	\$ -	\$ 7,043,788
Other taxes	222,935	-	-	222,935
Unrestricted intergovernmental	3,347,397	-	-	3,347,397
Restricted intergovernmental	1,002,706	344,980	-	1,347,686
Investment earnings	63,518	10,426	-	73,944
Miscellaneous	2,161,607	2,276	-	2,163,883
Total revenues	<u>13,841,951</u>	<u>357,682</u>	<u>-</u>	<u>14,199,633</u>
EXPENDITURES				
Current:				
General government	1,776,841	257,675	-	2,034,516
Public safety	6,393,576	-	-	6,393,576
Transportation	1,720,405	-	-	1,720,405
Environmental protection	2,153,353	-	-	2,153,353
Culture and recreation	461,308	-	-	461,308
Storm water repairs	-	104,753	-	104,753
Debt Service:				
Principal retirement	557,713	-	-	557,713
Interest and other charges	67,694	-	-	67,694
Capital outlay	-	-	-	-
Total expenditures	<u>13,130,890</u>	<u>362,428</u>	<u>-</u>	<u>13,493,318</u>
Excess (deficiency) of revenues over expenditures	<u>711,061</u>	<u>(4,746)</u>	<u>-</u>	<u>706,315</u>
OTHER FINANCING SOURCES (USES)				
Installment purchase obligation issued	300,102	-	-	300,102
Transfers from other funds	352,739	-	-	352,739
Transfers to other funds	-	-	(352,739)	(352,739)
Total other financing sources (uses)	<u>652,841</u>	<u>-</u>	<u>(352,739)</u>	<u>300,102</u>
Net change in fund balance	1,363,902	(4,746)	(352,739)	1,006,417
Fund balance, beginning	7,219,127	503,922	352,739	8,075,788
Fund balance, ending	<u>\$ 8,583,029</u>	<u>\$ 499,176</u>	<u>\$ -</u>	<u>\$ 9,082,205</u>

***Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance
of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2018***

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

Net changes in fund balances - total governmental funds	\$ 1,006,417
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Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay expenditures, which were capitalized	745,472	
Depreciation expense for government assets	(2,024,281)	
Asset sale proceeds	(42,504)	
Loss on sale of assets	<u>(4,269)</u>	(1,325,582)

Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities	346,768
---	---------

Benefit payments paid and administrative expense for the LEOSA are not included on the Statement of Activities	-
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Amount of donated assets	15,008,000	
Change in deferred revenues	<u>(55,294)</u>	14,952,706

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

New long-term debt issued	(300,102)	
Principal payments on bond receivable	(425,000)	
Principal payments on long-term debt	557,711	
Decrease in accrued interest payable	<u>1,065</u>	(166,326)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(46,202)	
Pension expense	(354,736)	
Other postemployment benefits	(381,199)	
Net pension obligation for LEOSA	<u>(50,691)</u>	(832,828)
Total changes in net position of governmental activities		<u><u>\$13,981,155</u></u>

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

TOWN OF MINT HILL, NORTH CAROLINA

Exhibit 6

General Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	General Fund			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Ad valorem taxes	\$ 6,200,000	\$ 6,855,000	\$ 7,043,788	\$ 188,788
Other taxes	180,000	200,000	222,935	22,935
Unrestricted intergovernmental	2,595,000	2,780,000	3,347,397	567,397
Restricted intergovernmental	852,850	905,100	1,002,706	97,606
Investment earnings	5,700	5,700	63,518	57,818
Miscellaneous	1,415,632	1,889,216	2,161,607	272,391
Total revenues	11,249,182	12,635,016	13,841,951	1,206,935
Expenditures:				
Current:				
General government	2,120,507	1,860,387	1,776,841	83,546
Public safety	5,477,001	6,851,048	6,393,576	457,472
Transportation	1,468,135	1,813,970	1,720,405	93,565
Environmental protection	2,040,000	2,180,000	2,153,353	26,647
Culture and recreation	386,984	438,037	461,308	(23,271)
Debt service:				
Principal retirement	522,580	653,078	557,713	95,365
Interest and other charges	105,081	62,098	67,694	(5,596)
Total expenditures	12,120,288	13,858,618	13,130,890	727,728
Revenues over (under) expenditures	(871,106)	(1,223,602)	711,061	1,934,663
Other financing uses:				
Installment purchase obligations issued	150,000	315,000	300,102	14,898
Transfers from other funds	-	-	352,739	352,739
Total other financing sources	150,000	315,000	652,841	337,841
Fund balance appropriated	721,106	908,602	-	(908,602)
Net change in fund balance	\$ -	\$ -	1,363,902	\$ 1,363,902
Fund balance, beginning			7,219,127	
Fund balance, ending			\$ 8,583,029	

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

TOWN OF MINT HILL, NORTH CAROLINA

*Exhibit 6,
Continued*

***Annually Budgeted Major Special Revenue Fund
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2018***

	Storm Water Fund			Variance with Final Budget Positive (Negative)
	Original	Final	Actual Amounts	
Revenues:				
Restricted intergovernmental	\$ 330,000	\$ 330,000	\$ 347,256	\$ 17,256
Investment earnings	2,000	2,000	10,426	8,426
Total revenues	332,000	332,000	357,682	25,682
Expenditures:				
Current:				
General government	278,980	278,980	257,675	21,305
Storm water repairs	165,000	165,000	104,753	60,247
Total expenditures	443,980	443,980	362,428	81,552
Revenues over (under) expenditures	(111,980)	(111,980)	(4,746)	107,234
Other financing sources (uses)				
Installment purchase obligation	-	-	-	-
Transfers to other funds	-	-	-	-
Total other financing sources	-	-	-	-
Fund balance appropriated	111,980	111,980		
Net change in fund balance	\$ -	\$ -	(4,746)	\$ (55,870)
Fund balance, beginning			503,922	
Fund balance, ending			\$ 499,176	

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

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The Town of Mint Hill is a municipal corporation that is governed by an elected mayor and a four member council. The accompanying financial statements present the Town and its component unit, entities for which the Town is financially accountable. Blended component units, although legally separate entities, are in substance, part of the Town's operations and, as such, are included in the reporting entity.

Included within the reporting entity is:

- **Mint Hill Events, Inc.** Although legally separate, Mint Hill Events, Inc. (Corporation), a component unit of the Town of Mint Hill is reported as if it were part of the Town. The Corporation was formed on December 3, 2013 and applied for and received tax exempt status as a 501(c)(3) entity. The Town's Board of Commissioners elects the board members of Mint Hill Events, Inc. The Town provides sponsorship to the Corporation to plan, stage and execute various authorized community events. Because the Board Members of the Corporation are elected by the Board of Commissioners of the Town and the Corporation's primary purpose is to benefit the Town, its financial statements have been blended with those of the Town. Separate financial statements for Mint Hill Events, Inc. may be obtained from Town of Mint Hill, 4430 Mint Hill Village Lane, Mint Hill, NC 28227.

B. Basis of Presentation

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

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

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

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

The Town reports the following major governmental funds:

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

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

The Town has the following non-major funds:

Capital Projects Fund. This fund is used to account for the construction of water-sewer lines that have been completed.

C. Measurement Focus and Basis of Accounting

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

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

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

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

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

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

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

D. Budgetary Data

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

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

E. Assets, Liabilities, and Fund Equity

1. Deposits and Investments

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

State law [G.S. 159-30(c)] authorizes the Town to invest in obligations of the United States or obligations fully guaranteed both as to principal and interest by the United States; obligations of the State of North Carolina; bonds and notes of any North Carolina local government or public authority; obligations of certain non-guaranteed federal agencies; certain high quality issues of commercial paper and bankers' acceptances and the North Carolina Capital Management Trust (NCCMT). The Town's investments are reported at fair value as determined by quoted market prices. The securities of the NCCMT Government Portfolio, a SEC-registered (2a-7) external investment pool is measured at amortized cost, which is the NCCMT's share price. The NCCMT-Term Portfolio's securities are valued at fair value.

2. Cash and Cash Equivalents

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

3. Restricted Assets

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

Town of Mint Hill Restricted Cash

Governmental Activities		
General Fund		
	Streets	\$ 277,928
	Drug forfeiture	200,079
Total governmental activities		<u>478,006</u>
Total restricted cash		<u>\$ 478,006</u>

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. Bond Payments Receivable

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

5. Ad Valorem Taxes Receivable

In accordance with State law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1, the beginning of the fiscal year. The taxes are due on September 1 (lien date); however, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2017.

6. Capital Assets

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

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

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

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

7. Deferred inflows of resources

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

8. Long-Term Obligations

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

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

9. Compensated Absences

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

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

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

9. Compensated Absences – Continued

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

10. Net Position/Fund Balances

Net position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

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

Restricted for Stabilization by State statute- portion of fund balance that is restricted by State Statute [G.S. 159(a)].

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

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

TOWN OF MINT HILL, NORTH CAROLINA

***Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balances – Continued

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

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

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

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

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

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

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

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

11. Use of Estimates

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

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

NOTE 1- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

12. Pensions

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

NOTE 2- DETAIL NOTES ON ALL FUNDS

A. ASSETS

1. Deposits

All the deposits of the Town are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in the Town's name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agents in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town under the Pooling Method, the potential exists for under-collateralization, and this risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town has no policy regarding custodial credit risk for deposits, but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured. At June 30, 2018, the Town's deposits had a carrying amount of \$4,481,355 and a bank balance of \$4,879,325. Of the bank balance, \$1,013,364 was covered by federal depository insurance and the remainder was covered by collateral held under the pooling method. At June 30, 2018, the Town's petty cash fund totaled \$182.

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018*

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

A. ASSETS

2. Investments

At June 30, 2018 the Town's investment balances were as follows:

Investments by Type	Valuation Measurement Method	Book Value at 6/30/2018	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Amortized Cost	\$ 3,529,740	N/A	AAAm
NC Capital Management Trust - Term Portfolio	Fair Value Level I	349,748	.09 years	Unrated
Total		\$ 3,879,488		

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

Level of fair value hierarchy: Level 1 debt securities are valued using directly observable, quoted prices (unadjusted) in active markets for identical assets.

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

Credit Risk: The Town does not have a formal policy regarding credit risk, but has internal management procedures that limits the Town's investments to the provisions of G.S 159-30 and restricts the purchase of securities to the highest possible ratings whenever particular types of securities are rated. The Town's investment in the NC Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2018. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U.S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

The Town entered into an agreement with the Charlotte/Mecklenburg Utility Department (CMUD) to install water and sewer lines in the Town on July 18, 1995. The agreement was structured so that the proceeds from the Water/Sewer Bond sale would be on deposit with CMUD. At June 30, 2018 it was determined that the project had been completed and unexpended funds of \$352,739 were due to the Town. Subsequently, these funds on deposit with CMUD and accounted for as an investment were re-classified to a net receivable.

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

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

A. ASSETS

3. Capital Assets

Primary Government

Capital asset activity for the Primary Government for the year ended June 30, 2018, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 4,062,131	\$ -	\$ -	\$ 4,062,131
Construction in progress	566,263	174,957	-	741,220
Total capital assets not being depreciated	<u>4,628,394</u>	<u>174,957</u>	<u>-</u>	<u>4,803,351</u>
Capital assets being depreciated:				
Buildings	8,932,458	-	-	8,932,458
Land improvements	3,493,314	-	-	3,493,314
Transportation equipment	3,866,609	369,785	113,368	4,123,026
General equipment	1,427,486	24,503	74,637	1,377,352
Police equipment	739,185	129,765	205,354	663,596
Recreation equipment	688,592	14,661	-	703,253
Infrastructure	37,200,728	15,039,800	-	52,240,528
Total capital assets being depreciated	<u>56,348,372</u>	<u>15,578,515</u>	<u>393,359</u>	<u>71,533,527</u>
Less accumulated depreciation for:				
Buildings	1,784,437	228,967	-	2,013,404
Land improvements	1,666,333	137,318	-	1,803,651
Transportation equipment	3,401,187	185,330	113,368	3,473,149
General equipment	1,154,590	96,420	67,509	1,183,501
Police equipment	559,125	50,121	165,710	443,536
Recreation equipment	320,393	33,503	-	353,896
Infrastructure	7,408,366	1,292,622	-	8,700,988
Total accumulated depreciation	<u>16,294,431</u>	<u>2,024,281</u>	<u>346,587</u>	<u>17,972,125</u>
Total capital assets being depreciated, net	<u>40,053,941</u>			<u>53,561,402</u>
Governmental activity capital assets, net	<u><u>\$ 44,682,335</u></u>			<u><u>\$ 58,364,753</u></u>

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

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

A. ASSETS

3. Capital Assets - continued

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

General government	\$ 273,754
Public safety	267,029
Transportation	1,312,346
Culture and recreation	171,152
	<u>\$2,024,281</u>

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

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

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town of Mint Hill employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Mint Hill's contractually required contribution rate for the year ended June 30, 2018 was 8.25% of compensation for law enforcement officers and 7.54% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Mint Hill were \$346,768 for the year ended June 30, 2018.

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.

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018*

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

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

At June 30, 2018, the Town reported a liability of \$1,261,596 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2017. The total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of December 31, 2016. The total pension liability was then rolled forward to the measurement date of June 30, 2017 utilizing updated procedures incorporating the actuarial assumptions. The Town's proportion of the net pension asset was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2017, the Town's proportion was 0.08258%, which was a decrease of 0.09019% from its proportion measured as of June 30, 2016.

For the year ended June 30, 2018, the Town recognized pension expense of \$354,736. At June 30, 2018, 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	\$ 72,679	\$ 35,712
Changes of assumptions	180,173	-
Net difference between projected and actual earnings on pension plan investments	306,317	-
Changes in proportion and differences between Town of Mint Hill contributions and proportionate share of contributions	-	179,263
Town of Mint Hill contributions subsequent to the measurement date	346,768	-
Total	<u>\$ 905,937</u>	<u>\$ 214,975</u>

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TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

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

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

\$346,768 reported as deferred outflows of resources related to pensions resulting from Town of Mint Hill contributions subsequent to the measurement date will be recognized as an increase of the net pension asset in the year ended June 30, 2018. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:

2019	\$	(7,150)
2020		315,092
2021		153,751
2022		(117,499)
2023		-
Thereafter		-
	\$	<u>344,194</u>

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

Inflation	3.0 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.20 percent, net of pension plan investment expense, including inflation

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

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

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TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

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

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

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

The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2016 are summarized in the following table:

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

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

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TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018*

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

B. LIABILITIES

1. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Discount rate. The discount rate used to measure the total pension liability was 7.20%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Town of Mint Hill's share of the net pension asset to changes in the discount rate. The following presents the Town of Mint Hill's proportionate share of the net pension asset calculated using the discount rate of 7.20 percent, as well as what the Town of Mint Hill's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.20 percent) or one percentage point higher (8.20 percent) than the current rate:

	1% Decrease (6.20%)	Discount Rate (7.20%)	1% Increase (8.20%)
Town's proportionate share of the net pension liability (asset)	\$ 3,787,333	\$ 1,261,596	\$ (846,601)

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

2. Law Enforcement Officers Special Separation Allowance

a. *Plan Description*

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

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018*

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

B. LIABILITIES

2. Law Enforcement Officers Special Separation Allowance

a. *Plan Description – continued*

The retirement benefits are not subject to any increases in salary or retirement allowances that may be authorized by the General Assembly. Article 12D of the F.S. Chapter 143 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2016, the Separation Allowance's membership consisted of:

Category	Number
Inactive Members Currently Receiving Benefits	-
Active Plan Members	32
Total	32

b. *Summary of Significant Accounting Policies:*

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

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

c. *Actuarial Assumptions*

The entry age actuarial cost method was used in the December 31, 2016 valuation. The total pension liability in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Salary increases	3.50 to 7.35 percent, including inflation and productivity factor
Discount rate	3.13 percent

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

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

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018

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

B. LIABILITIES

2. Law Enforcement Officers Special Separation Allowance – continued

d. Contributions

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

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

At June 30, 2018, the Town reported a total pension liability of \$495,902. The total pension liability was measured as of December 31, 2017 based on a December 31, 2016 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2017 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2018, the Town recognized pension expense of \$50,691.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 46,038
Changes of assumptions and other inputs	37,826	10,663
Benefit payments and administrative expenses subsequent to the measurement date	-	-
Total	<u>\$ 37,826</u>	<u>\$ 56,701</u>

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Year ended June 30:		
2019	\$ 6,455	\$ 9,906
2020	6,455	9,906
2021	6,455	9,906
2022	6,455	9,906
2023	6,455	9,906
Thereafter	5,551	7,171
	<u>\$ 37,826</u>	<u>\$ 56,701</u>

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018*

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

B. Law Enforcement Officers Special Separation Allowance – continued

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

	1% Decrease (2.16%)	Discount Rate (3.16%)	1% Increase (4.16%)
Total Pension Liability	\$ 551,755	\$ 495,902	\$ 445,168

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

	2017
Beginning balance	\$ 451,373
Service Cost	36,719
Interest on the total pension liability	17,423
Changes of benefit terms	-
Differences between expected and actual experience in the measurement of the total pension liability	(53,894)
Changes of assumptions or other inputs	44,281
Benefit payments	-
Other changes	-
Ending balance of the total pension liability	<u><u>\$ 495,902</u></u>

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

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

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TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018*

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

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

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

	<u>LGERS</u>	<u>LEOSSA</u>	<u>Total</u>
Pension Expense	\$ 354,736	\$ 50,691	\$ 405,427
Pension Liability	1,269,596	495,902	1,765,498
Proportionate share of the net pension liability	0.08258%	N/A	
Deferred Outflows of Resources			
Differences between expected and actual experience	72,679	-	72,679
Changes of Assumptions	180,173	37,826	217,999
Net difference between projected and actual earnings on plan investments	306,317	-	306,317
Changes in proportion and differences between contributions and proportionate share of contributions	-	-	-
Benefit payments and administrative costs paid subsequent to the measurement date	346,768	-	346,768
Deferred Inflows of Resources			
Differences between expected and actual experience	35,712	46,038	81,750
Changes of Assumptions	-	10,663	10,663
Net difference between projected and actual earnings on plan investments	-	-	-

B. Supplemental Retirement Income Plan

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

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

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

B. Supplemental Retirement Income Plan - Continued

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each law enforcement officer's salary, and all amounts contributed are vested immediately. The Town has elected to contribute five percent of all full-time Town employees' salary. Also, the law enforcement officers and other full-time Town employees may make voluntary contributions to the plan. Contributions by the Town for the year ended June 30, 2018 and 2017, were \$216,366 and \$214,266, respectively.

C. Other Postemployment Benefits

1. Healthcare Benefits

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

Membership of the HCB Plan consisted of the following at December 31, 2017, the date of the latest actuarial valuation:

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

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

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

A. Other Postemployment Benefits - continued

1. Healthcare Benefits - continued

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

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

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

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

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

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

For the fiscal year ended June 30, 2018, the Town made payments for post-employment health benefit premiums of \$9,849. The Town's obligation to contribute to HCB Plan is established and may be amended by the Board of Commissioners.

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

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

A. Other Postemployment Benefits - continued

2. Healthcare Benefits - continued

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

Total OPEB Liability

The Town's total OPEB liability of \$2,909,603 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

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

Inflation	2.50%
Real wage growth	1.00%
Wage inflation	3.50%
Salary increases, including wage inflation:	
General Employees	3.50% - 7.75%
Firefighters	3.50% - 7.75%
Law Enforcement Officers	3/50% - 7.35%
Discount rate	3.56%
Healthcare cost trends:	
Pre-Medicare	7.50% for 2017 decreasing to an ultimate rate of 5.00% by 2023.
Medicare	5.50% for 2017 decreasing to an ultimate rate of 5.00% by 2020.

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018*

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

A. Other Postemployment Benefits - continued

1. Healthcare Benefits – continued

Total OPEB Liability – continued

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

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability as of June 30, 2016	\$ 2,888,051
Changes for the year	
Service cost	340,877
Interest on Total OPEB liability and Cash Flows	86,845
Changes of benefit terms	-
Differences between expected and actual experience	(11,132)
Changes in assumptions or other inputs	(389,351)
Benefit payments	(5,687)
Other	-
Net changes	<u>\$ 21,552</u>
Total OPEB Liability as of June 30, 2017	<u><u>\$ 2,909,603</u></u>

Changes in assumptions and other inputs reflect a change in the discount rate from 3.01% to 3.56%.

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

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

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

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

***Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 2- DETAIL NOTES ON ALL FUNDS – Continued

B. Other Postemployment Benefits - continued

2. Healthcare Benefits – continued

Total OPEB Liability – continued

Changes in the Total OPEB Liability - continued

Sensitivity of the total OPEB liability to changes in the discount rate. The following presents the total OPEB liability of the Town, as well as what the Town's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.56 percent) or 1-percentage-point higher (4.56 percent) than the current rate:

	Discount Rate Sensitivity		
	1%	Discount	1%
	Decrease (2.56%)	Rate (3.56%)	Increase (4.56%)
Total OPEB Liability	\$ 3,667,772	\$ 2,909,603	\$ 2,340,062

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

	Healthcare Cost Trend Rate Sensitivity		
	1% Decrease	Current	1% Increase
Total OPEB Liability	\$ 2,235,776	\$ 2,909,603	\$ 3,852,875

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018*

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

B. Other Postemployment Benefits - continued

2. Healthcare Benefits – continued

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

For the year ended June 30, 2018, the Town recognized OPEB expense of \$391,048. At June 30, 2018, the Town reported deferred outflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ (10,113)
Changes of assumptions or other inputs	-	(353,696)
Benefit payments and administrative costs made subsequent to the measurement date	9,849	
	<u>\$ 9,849</u>	<u>\$ (363,809)</u>

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

Measurement Period Ended

June 30:

2018	\$ (36,674)
2019	(36,674)
2020	(36,674)
2021	(36,674)
2022	(36,674)
Therafter	(180,439)
	<u>\$ (363,809)</u>

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018*

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

B. Other Postemployment Benefits - continued

3. Other Employment Benefits

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

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

C. Deferred Outflows and Inflows of Resources

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

Source	Amount
<i>Local Government Employees Retirement Plan:</i>	
Contributions to pension plan in current fiscal year	\$ 346,768
Differences between expected and actual experience	72,679
Changes of assumptions	180,173
Net difference between projected and actual	306,317
Changes in proportion and differences between employer contributions and proportionate share of contributions	-
<i>Law Enforcement Officers' Special Separation Allowance:</i>	
Benefit payments made and administrative expenses for LOESSA	-
Differences between expected and actual experience	-
Changes of assumptions	37,826
	<u>\$ 943,763</u>

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

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

C. Deferred Outflows and Inflows of Resources

Deferred inflows of resources is comprised of the following:

Source	Statement of Net Position	General Fund Balance Sheet
Property taxes receivable (General Fund)	\$ -	\$ 162,495
<i>Local Government Employees Retirement Plan:</i>		
Differences between expected and actual experience	35,712	
Changes in proportion and differences between employer contributions and proportionate share of contributions	179,263	
<i>Law Enforcement Officers' Special Separation Allowance:</i>		
Benefit payments made and administrative expenses for LOESSA	-	
Differences between expected and actual experience	46,038	
Changes of assumptions	10,663	
	\$ 271,676	\$ 162,495

D. Risk Management:

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

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

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018*

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

D. Risk Management:

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

E. Long Term Obligations

The Town's general obligation bonds serviced by the governmental funds were issued for the installation of water-sewer lines within the Town's borders. All general obligation bonds are collateralized by the full faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

Bonds payable at June 30, 2018 are comprised of the following individual issues:

General Obligation Bonds

Serviced by the General Fund:

\$5,500,000, 1996 issue of Sewer serial bonds due December
and June in installments of \$225,000 through June 2020;
interest at 4.9% - 5.25%

\$ 675,000

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

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2019	425,000	35,438	460,438
2020	250,000	13,124	263,124
	<u>\$ 675,000</u>	<u>\$ 48,562</u>	<u>\$ 723,562</u>

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018*

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

E. Long Term Obligations

Installment purchases payable at June 30, 2018 are comprised of the following individual issues:

\$145,532 - payable in annual installments of principal and interest at 1.71% until November 2018, secured by vehicles	\$ 47,251
\$250,000 - payable in annual installments of principal and interest at 1.79% until June 2019, secured by vehicles	85,706
\$315,000 - payable in annual installments of principal and interest at 2.03% until August 2020, secured by vehicles	<u>306,836</u>
Total installment purchase payments	\$ 439,793
Less: Amount representing interest	<u>(9,111)</u>
Total installment purchase obligation	<u><u>\$ 430,682</u></u>

The future minimum principal and interest payments for the Town's installment purchase agreements as of June 30, 2018 are as follows:

Year Ending June 30	Governmental Activities		
	Principal	Interest	Total
2019	\$ 238,789	\$ 3,460	\$ 242,249
2020	105,396	3,895	109,291
2021	<u>86,497</u>	<u>1,756</u>	<u>88,253</u>
	<u><u>\$ 430,682</u></u>	<u><u>\$ 9,111</u></u>	<u><u>\$ 439,793</u></u>

F. Legal Debt Margin

At June 30, 2018, the Town of Mint Hill had a legal debt margin of \$201,695,056.

TOWN OF MINT HILL, NORTH CAROLINA

*Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018*

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

G. Changes in Long-Term Liabilities

Compensated absences typically have been liquidated in the General Fund.

	Balance			Balance	Current
Governmental Activities:	July 01, 2017	Increases	Decreases	June 30, 2018	Portion
					Balance
Compensated absences	\$ 513,798	\$ 46,202	\$ -	\$ 560,000	\$ 168,000
Installment purchase	263,294	300,101	132,713	430,682	238,789
General obligation bonds	1,100,000	-	425,000	675,000	425,000
Other post-employment benefits	1,438,708	1,470,895	-	2,909,603	-
Net pension liability (LGERS)	1,914,133	-	652,537	1,261,596	-
LEO Pension liability	451,373	44,529	-	495,902	-
	<u>\$ 5,681,306</u>	<u>\$ 1,861,727</u>	<u>\$ 1,210,250</u>	<u>\$ 6,332,783</u>	<u>\$ 831,789</u>

H. Deferred Compensation

The Town has established a deferred compensation program. This program allows each employee the option to defer savings on a pre-tax basis. The Town has chosen not to contribute to this program. Thus, the plan asset values are exclusive employee contributions. According to the unaudited, Nationwide Retirement Solutions insurance report, as of June 30, 2018, the plan asset value was \$34,689.

I. Commitments

Interfund Balances and Activity

Balances due to/from other funds at June 30, 2018, consist of the following:

	Receivable	Payable
General Fund	\$ 184,251	
Stormwater Fund		\$ 184,251

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

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

Notes to the Financial Statements For the Fiscal Year Ended June 30, 2018

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

J. Fund Balance

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

Total fund balance-General Fund	\$ 8,583,029
Less:	
Stabilization by state statute	1,051,409
Streets - Powell Bill	277,928
Police - Drug forfeiture	200,079
Police - Fundraiser	18,096
Committed for Tourism	174,822
Appropriated Fund Balance in 2019 Budget	974,267
Unassigned	5,886,428

There were no outstanding encumbrances at year end.

K. On-Behalf Payments for Fringe Benefits and Salaries

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

L. Change in Accounting Principles/Restatement

The Town implemented governmental Accounting Standards Board (GASB) No. Statement 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, in the fiscal year ending June 30, 2018. The implementation of the statement required the Town to record beginning total OPEB liability and the effects on net position of benefit payments and administrative expenses paid by the Town related to OPEB during the measurement period (fiscal year ending June 30, 2017). Beginning deferred outflows and inflows of resources associated with the implementation were excluded from the restatement. As a result, net position for the governmental activities decreased \$1,443,676.

NOTE 3- **JOINTLY GOVERNED ORGANIZATION**

The Centralina Council of Governments (Council) was formed in 1968. Funding comes from member dues, state and federal grants, and fees for services. Each participating government appoints one member to the Council's governing board. The Town paid membership fees to the Council during the fiscal year ended June 30, 2018.

- Continued -

TOWN OF MINT HILL, NORTH CAROLINA

***Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2018***

NOTE 4- SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

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

NOTE 5- DATE OF MANagements' REVIEW

In preparing the financial statements, the Town of Mint Hill has evaluated events and transactions for potential recognition or disclosure through November 21, 2018, the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTAL FINANCIAL DATA

This section contains additional information required by generally accepted accounting principles.
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- Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance.
- Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance.
- Town of Mint Hill's Schedule of Changes in the total OPEB Liability and Related Ratios
- Town of Mint Hill's Proportionate Share of Net Pension Liability (Asset).
- Town of Mint Hill's Contributions to the Local Government Employees' Retirement System.

TOWN OF MINT HILL, NORTH CAROLINA

***Schedule of Changes in Total Pension Liability
Law Enforcement Officers' Special Separation Allowance
June 30, 2018***

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

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

TOWN OF MINT HILL, NORTH CAROLINA

***Schedule of Total Pension Liability as a Percentage of Covered Payroll
Law Enforcement Officers' Special Separation Allowance
June 30, 2018***

	2018	2017
Total pension liability	\$ 495,902	\$ 451,373
Covered payroll	1,621,520	1,721,602
Total pension liability as a percentage of covered employee payroll	30.58%	26.22%

Notes to the schedules:

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

TOWN OF MINT HILL, NORTH CAROLINA
Required Supplementary Information

Schedule of Changes in the Total OPEB Liability and Related Ratios
June 30, 2018

Total OPEB Liability

Service cost	\$ 340,877
Interest	86,845
Changes of benefit terms	-
Differences between expected and actual experience	(11,132)
Changes of assumptions	(389,351)
Benefit payments	(5,687)

Net change in total OPEB liability	\$ 21,552
Total OPEB liability - beginning	\$ 2,888,051
Total OPEB liability - ending	<u>\$ 2,909,603</u>

Covered payroll	\$ 3,748,268
Total OPEB liability as a percentage of covered payroll	77.63%

Notes to Schedule

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

TOWN OF MINT HILL, NORTH CAROLINA

***Town of Mint Hill's Proportionate Share of Net Pension Liability (Asset)
Required Supplementary Information
Last Five Fiscal Years****

Local Government Employees' Retirement System

	2018	2017	2016	2015	2014
Town of Mint Hill's proportion of the net pension liability (asset) (%)	0.08258%	0.09019%	0.08116%	0.08710%	0.08630%
Town of Mint Hill's proportion of the net pension liability (asset) (\$)	\$ 1,261,596	\$ 1,914,136	\$ 364,242	\$ (513,669)	\$ 1,040,246
Town of Mint Hill's covered-employee payroll	\$ 4,361,654	\$ 3,958,123	\$ 3,783,150	\$ 3,314,581	\$ 3,151,773
Town of Mint Hill's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	28.92%	48.36%	9.63%	(15.50%)	33.01%
Plan fiduciary net position as a percentage of the total pension liability**	94.18%	91.47%	98.09%	102.64%	94.35%

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

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

TOWN OF MINT HILL, NORTH CAROLINA

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

Local Government Employees' Retirement System

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

SUPPLEMENTAL SCHEDULES

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 1

Page 1 of 3

General Fund

***Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2018***

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Revenues:			
Ad valorem taxes:			
Taxes	\$ -	\$ 7,002,783	\$ -
Interest and penalties		41,005	
	<u>6,855,000</u>	<u>7,043,788</u>	<u>188,788</u>
Other taxes:			
Motor vehicle fees	<u>200,000</u>	<u>222,935</u>	<u>22,935</u>
Unrestricted intergovernmental:			
Beer and wine tax		115,856	
Utility franchise tax		1,238,735	
ABC profit distribution		120,506	
Local option sales taxes		<u>1,872,300</u>	
Total	<u>2,780,000</u>	<u>3,347,397</u>	<u>567,397</u>
Restricted intergovernmental			
Powell Bill allocation		702,732	
Solid Waste Fee		17,876	
Tourism tax		249,762	
Federal and state grants		<u>32,336</u>	
Total	<u>905,100</u>	<u>1,002,706</u>	<u>97,606</u>
Investment earnings	<u>5,700</u>	<u>63,518</u>	<u>57,818</u>
Bond repayment		482,750	
Arts and sciences local grant		5,000	
Community events		92,620	
Miscellaneous		1,538,733	
Sale of equipment		<u>42,504</u>	
Total	<u>1,889,216</u>	<u>2,161,607</u>	<u>272,391</u>
Total revenues	<u>12,635,016</u>	<u>13,841,951</u>	<u>1,206,935</u>

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 1

Page 2 of 3

General Fund

***Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2018***

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Expenditures:			
General government:			
Administration:			
Salaries and employee benefits	\$ -	\$ 961,248	\$ -
Other operating expenditures		18,193	
Total administration	<u>1,037,337</u>	<u>979,441</u>	<u>57,896</u>
Non-Departmental:			
Professional services		227,344	
Town hall maintenance		54,526	
Donations		124,600	
Other operating expenditures		390,930	
Capital outlay		-	
Total non-departmental	<u>823,050</u>	<u>797,400</u>	<u>25,650</u>
Total general government	<u>1,860,387</u>	<u>1,776,841</u>	<u>83,546</u>
Public Safety:			
Police:			
Salaries and employee benefits		2,472,082	
Professional services		17,597	
Vehicle maintenance		146,750	
Other operating expenditures		661,481	
Capital outlay		425,107	
Total police	<u>3,878,340</u>	<u>3,723,017</u>	<u>155,323</u>
Fire:			
Salaries and employee benefits		2,084,291	
Other operating expenditures		550,068	
Capital outlay		36,200	
Total fire	<u>2,972,708</u>	<u>2,670,559</u>	<u>302,149</u>
Total public safety	<u>6,851,048</u>	<u>6,393,576</u>	<u>457,472</u>

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 1

Page 3 of 3

General Fund

Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

For the Fiscal Year Ended June 30, 2018

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Transportation:			
Streets and highways:			
Salaries and employee benefits	\$ -	\$ 396,308	\$ -
Street maintenance		836,313	
Other operating expenditures		290,928	
Capital outlay		196,856	
Total transportation	<u>1,813,970</u>	<u>1,720,405</u>	<u>93,565</u>
Environmental protection:			
Solid waste			
Contracted services		1,850,296	
Landfill fees		303,057	
Total environmental protection	<u>2,180,000</u>	<u>2,153,353</u>	<u>26,647</u>
Culture and recreation:			
Parks and recreation:			
Salaries and employee benefits		62,604	
Professional services		0	
Community events		82,079	
Other operating expenses		229,316	
Capital outlay		87,309	
Total culture and recreation	<u>438,037</u>	<u>461,308</u>	<u>(23,271)</u>
Debt Service:			
Principal retirement		557,713	
Interest and other charges		67,694	
Total debt service	<u>715,176</u>	<u>625,407</u>	<u>89,769</u>
Total expenditures	<u>13,858,618</u>	<u>13,130,890</u>	<u>727,728</u>
Revenues over (under) expenditures	<u>(1,223,602)</u>	711,061	1,934,663
Other financing uses:			
Transfers from other funds		352,739	
Installment purchase obligations issued		300,102	
Total other financing uses	<u>315,000</u>	<u>652,841</u>	<u>337,841</u>
Fund balance appropriated	<u>908,602</u>	<u>-</u>	<u>(908,602)</u>
Net change in fund balance	<u>\$ -</u>	1,363,902	<u>\$ 1,363,902</u>
Fund balance, beginning		<u>7,219,127</u>	
Fund balance, ending		<u>\$ 8,583,029</u>	

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 2

Stormwater Fund
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual
For the Fiscal Year Ended June 30, 2018

	Budget	Actual	Variance Positive (Negative)
Revenues:			
Storm water fees collected	\$ -	\$ 344,980	\$ -
Miscellaneous revenue		2,276	
Investment earnings		10,426	
Total revenues	332,000	357,682	25,682
Expenditures:			
Administrative costs		257,675	
Storm water repairs		104,753	
Capital outlay		-	-
Total expenditures	443,980	362,428	(81,552)
Revenues over (under) expenditures	(111,980)	(4,746)	107,234
Other financing sources (uses):			
Installment purchase obligations issued	111,980	-	111,980
Transfers to General Fund	-	-	-
Total other financing sources (uses)	111,980	-	111,980
Net change in fund balance	\$ -	(4,746)	\$ (4,746)
Fund balance, beginning		503,922	
Fund balance, ending		\$ 499,176	

OTHER SCHEDULES

This section contains additional information required on property taxes.
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- Schedule of Ad Valorem Taxes Receivable
- Analysis of Current Tax Levy
- Schedule of Ten Largest Taxpayers

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 3

*Schedule of Ad Valorem Taxes Receivable
June 30, 2018*

	Uncollected Balance June 30, 2017	Additions	Collections and Credits	Uncollected Balance June 30, 2018
2017 - 2018	\$ -	\$ 6,963,915	\$ 6,932,258	\$ 31,657
2016 - 2017	43,217		23,869	19,348
2015 - 2016	23,862		12,049	11,813
2014 - 2015	20,290		8,067	12,223
2013 - 2014	24,034		7,007	17,027
2012 - 2013	25,294		6,977	18,317
2011 - 2012	19,744		6,350	13,394
2010 - 2011	29,044		3,331	25,713
2009 - 2010	16,146		3,142	13,004
2008 - 2009	16,159		16,159	-
	<u>\$ 217,790</u>	<u>\$ 6,963,915</u>	<u>\$ 7,019,210</u>	<u>\$ 162,495</u>

Reconciliation with revenues:

Ad Valorem Taxes - General Fund	\$ 7,043,788
Reconciling items:	
Interest and penalties collected	(41,005)
Abatements and other credits	3,459
10 year write off	12,968
Total collections and credits	<u>\$ 7,019,210</u>

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 4

Page 1 of 2

*Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2018*

	Property Valuation	Town-wide Rate	Total Levy	Total Levy	
				Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current year's rate	\$ 2,330,516,978	0.27	\$ 6,292,396	\$ 6,292,396	\$ -
Motor vehicles taxed at current year's rate	<u>252,562,963</u>	0.27	<u>681,920</u>	<u>-</u>	<u>681,920</u>
Total	2,583,079,941		6,974,316	6,292,396	681,920
Discoveries:					
Current year taxes	24,020,744	0.27	64,856	64,856	-
Abatements					
Total property valuation	<u>(27,872,941)</u>	0.27	<u>(75,257)</u>	<u>(75,257)</u>	<u>-</u>
Total property valuation	<u><u>\$ 2,579,227,744</u></u>				
Net levy			6,963,915	6,281,995	681,920
Less, uncollected tax at June 30, 2017			<u>31,657</u>	<u>31,657</u>	<u>-</u>
Current year's taxes collected			<u><u>\$ 6,932,258</u></u>	<u><u>\$ 6,250,338</u></u>	<u><u>\$ 681,920</u></u>
Current levy collection percentage			<u><u>99.55%</u></u>	<u><u>99.50%</u></u>	<u><u>100.00%</u></u>

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 4
Page 2 of 2

Analysis of Current Tax Levy
For the Fiscal Year Ended June 30, 2018

Secondary Market Disclosures:

Assessed Valuation:

Assessment ratio	100%
Real property	\$ 2,326,664,781
Personal property	<u>252,562,963</u>
Total assessed valuation at 0.27 rate	\$ 2,579,227,744
Tax rate per \$100	<u>0.27</u>
Total levy (includes discoveries, releases and abatements)	<u><u>\$ 6,963,915</u></u>

TOWN OF MINT HILL, NORTH CAROLINA*Schedule 5****Schedule of Ten Largest Taxpayers
For the Fiscal Year Ended June 30, 2018***

Taxpayer	Type of Business	Assessed Valuation	Percentage of Total Assessed Valuation
Ventas Willow Grove, LP	Senior Residential Housing	\$ 17,218,400	0.74%
Hampton Ridge Partners, LLC	Residential Real Estate	\$ 12,530,000	0.54%
PSM North Carolina Holdings, LLC	Mortgage Loans	\$ 12,428,900	0.53%
Duke Energy Carolinas, LLC	Utilities	\$ 10,543,676	0.45%
Eastway Crossing II-Charlotte, LLC	Shopping Center	\$ 9,965,500	0.43%
AGM Grey Stone, LLC	Senior Residential Housing	\$ 9,317,600	0.40%
Hillco LTD	Skilled Nursing Care	\$ 8,416,900	0.36%
Time Warner Cable Southeast, LLC	Utilities	\$ 8,393,209	0.36%
HR of Carolinas, LLC	Healthcare Real Estate Services	\$ 7,514,700	0.32%
Pine Lake Country Club, Inc.	Golf Country Club	\$ 6,306,600	0.27%

COMPLIANCE SECTION

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Town of Mint Hill, North Carolina, as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Town of Mint Hill's basic financial statements, and have issued our report thereon, dated November 21, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in cursive script that reads "Rowell, Craven & Short, P.A.".

Rowell, Craven & Short, P.A.
Charlotte, North Carolina
November 21, 2018

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

INDEPENDENT AUDITOR'S REPORT

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

Report on Compliance for Each Major State Program

We have audited the Town of Mint Hill, North Carolina's, compliance with the types of compliance requirements described in the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Mint Hill, North Carolina's major state programs for the year ended June 30, 2018. The Town of Mint Hill, North Carolina's major state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

In our opinion, the Town of Mint Hill, North Carolina, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major state programs for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

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

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

Rowell, Craven & Short, P.A.

Rowell, Craven & Short P.A.
Charlotte, North Carolina
November 21, 2018

TOWN OF MINT HILL, NORTH CAROLINA

*Schedule 6
Page 1 of 3*

*Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018*

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

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

State Awards

Internal control over major State programs:

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

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

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

Identification of major State programs:

Program Name
Powell Bill

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

TOWN OF MINT HILL, NORTH CAROLINA

*Schedule 6
Page 2 of 3*

*Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018*

Section II. Financial Statement Findings

MATERIAL WEAKNESS

None reported.

SIGNIFICANT DEFICIENCIES

None reported.

NON-COMPLIANCE

None reported.

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 6
Page 3 of 3

Findings and Questioned Costs
For the Fiscal Year Ended June 30, 2018

Section III. State Award Findings and Questioned Costs

None reported.

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 7

*Summary Schedule of Prior Audit Findings
For the Fiscal Year Ended June 30, 2018*

Finding: None Reported

TOWN OF MINT HILL, NORTH CAROLINA

Schedule 8

***Schedule of Expenditures of Federal and State Awards
For the Fiscal Year Ended June 30, 2018***

	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Federal (Direct and Pass-Through) Expenditures</u>	<u>State Expenditures</u>	<u>Local Expenditures</u>
<u>Grantor/Pass-Through</u>					
<u>Grantor/Program Title</u>					
Federal Grants:					
State Grants:					
N.C. Department of Transportation:					
Powell Bill			-	702,732	270,071
Total Assistance -State Programs			-	702,732	270,071
Total Federal and State Assistance			\$ -	\$ 702,732	\$ 270,071

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

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