TOWN OF CORNELIUS
NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

TOWN OF CORNELIUS
NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED JUNE 30, 2025

PREPARED BY:
FINANCE DEPARTMENT

FINANCE DIRECTOR:
JULIE NISWONGER


CORNELIUS
INC.
1905
NORTH CAROLINA

INTRODUCTORY SECTION


CORNELIUS
INC.
1905
NORTH CAROLINA

TOWN OF CORNELIUS, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

Exhibit		Page
	Introductory Section:	
	Letter of Transmittal	i-vi
	Organizational Chart	vii
	Certificate of Achievement for Excellence in Financial Reporting	viii
	List of Principal Officials	ix
	Financial Section:	
	Independent Auditor's Report	1-4
	Management's Discussion and Analysis	5-14
	Basic Financial Statements:	
	Government-Wide Financial Statements:	
A	Statement of Net Position	15-16
B	Statement of Activities	17-18
	Fund Financial Statements:	
C	Balance Sheet - Governmental Funds	19-20
D	Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	21
E	Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds to the Statement of Activities	22
F	General Fund - Statement of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	23
G	Statement of Net Position - Proprietary Fund	24
H	Statement of Revenues, Expenses, and Changes in Fund Net Position - Proprietary Fund	25

TOWN OF CORNELIUS, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

Exhibit		Page
	Fund Financial Statements (continued):	
I	Statement of Cash Flows - Proprietary Fund	26
J	Statement of Fiduciary Net Position - Fiduciary Funds	27
K	Statement of Changes in Fiduciary Net Position - Fiduciary Funds	28
	Notes to the Financial Statements	29-77
Schedule		
	Required Supplementary Information:	
A-1	Law Enforcement Officers' Special Separation Allowance - Schedule of Changes in Net Pension Liability - Last Nine Fiscal Years	78-79
A-2	Law Enforcement Officers' Special Separation Allowance - Schedule of Net Pension Liability as a Percentage of Covered Payroll - Last Nine Fiscal Years	80-81
A-3	Law Enforcement Officers' Special Separation Allowance - Schedule of Employer Contributions - Last Eight Fiscal Years	82-83
A-4	Other Post-Employment Benefits - Schedule of Changes in Net OPEB Liability and Related Ratios Last Nine Fiscal Years	84-85
A-5	Other Post-Employment Benefits - Schedule of Employer Contributions - Last Nine Fiscal Years	86-87
A-6	Other Post-Employment Benefits - Schedule of Investment Returns - Last Eight Fiscal Years	88-89
A-7	Local Governmental Employees' Retirement System - Town's Proportionate Share of Net Pension Liability (Asset) Last Ten Fiscal Years	90-91
A-8	Local Governmental Employees' Retirement System - Town of Cornelius' Contributions Last Ten Fiscal Years	92-93

TOWN OF CORNELIUS, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

Schedule		Page
	Supplemental Financial Data:	
	Combining and Individual Fund Statements and Schedules:	
1	General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	94-98
2	Major Capital Project Fund - Infrastructure - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	99
3	Nonmajor Governmental Funds - Combining Balance Sheet	100-101
4	Nonmajor Governmental Funds - Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	102-103
5	Special Revenue Fund - Emergency Telephone System - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	104
6	Special Revenue Fund - American Recovery Plan Act Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	105
7	Capital Project Fund - Parks Bond Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	106
8	Capital Project Fund - Streets Bond Fund - Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual	107
9	Capital Project Fund - 2018 Series Streets Bond Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	108
10	Capital Project Fund - Diverging Diamond Interchange - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	109
11	Capital Project Fund - Town Center Infrastructure Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	110

TOWN OF CORNELIUS, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

Schedule		Page
	Combining and Individual Fund Statements and Schedules (continued):	
12	Capital Project Fund - Town Center Redevelopment Bonds Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	111
13	Capital Project Fund - 2018 Series Parks Bond - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	112
14	Capital Project Fund - Willow Pond Stream Restoration and Other Stream Restoration Projects - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	113
15	Capital Project Fund - Smithville Town Infrastructure Project - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	114
16	Capital Project Fund - 2022 Series Streets Bond - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	115
17	Capital Project Fund - Bailey Road Park and Pickleball Complex - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	116
18	Capital Project Fund - Capital Reserve Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual	117
19	Electric Fund - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	118-119
20	Capital Project Fund - Electric Utility Substation - Schedule of Revenues and Expenditures - Budget and Actual (Non-GAAP)	120
21	Pension Trust Funds - Combining Statements of Fiduciary Net Position	121
22	Pension Trust Funds - Combining Statements of Changes in Fiduciary Net Position	122
23	General Fund - Schedule of Ad Valorem Taxes Receivable	123
24	Analysis of Current Year Levy	124

TOWN OF CORNELIUS, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

Table		Page
	Statistical Section:	
1	Net Position By Component	125-126
2	Changes in Net Position	127-128
3	Fund Balances of Government Funds	129-130
4	Changes in Fund Balances of Governmental Funds	131-132
5	Governmental Activities Tax Revenues By Source	133
6	Assessed Value and Estimated Actual Value of Taxable Property	134
7	Property Tax Rates	135
8	Principal Property Taxpayers	136-137
9	Property Tax Levies and Collections	138
10	Ratio of Outstanding Debt by Type	139
11	Ratios of General Bonded Debt Outstanding	140
12	Direct and Overlapping Governmental Activities Debt	141
13	Legal Debt Margin Information	142-143
14	Demographic and Economic Statistics	144
15	Principal Employers	145
16	Full-Time Equivalent Town Government Employees by Function	146-147
17	Operating Indicators by Function	148-149
18	Capital Asset Statistics by Function	150-151

TOWN OF CORNELIUS, NORTH CAROLINA

ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2025

TABLE OF CONTENTS

Compliance:	**Page**
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*	152-153
Report on Compliance for Each Major State Program and Report on Internal Control Over Compliance Required by the Uniform Guidance and the State Single Audit Implementation Act	154-156
Schedule of Findings and Questioned Costs	157
Schedule of Prior Year Audit Findings	158
Schedule of Expenditures of Federal and State Awards	159

December 3, 2025

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

State law requires that all municipal local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the annual comprehensive financial report of the Town of Cornelius for the fiscal year ended June 30, 2025 is hereby issued.

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

Martin Starnes & Associates, CPAs, PA, a licensed certified public accounting firm, has audited the Town of Cornelius' financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Cornelius for the fiscal year ended June 30, 2025, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Cornelius' financial statements for the fiscal year ended June 30, 2025, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

The Town was incorporated in 1905 and serves a population of 32,632. The Town enjoys a mild climate and benefits from proximity to the Charlotte major metropolitan market for tourism and race or lake themed activities, shopping, and employment opportunities. The Town also participates in many regional economic initiatives with nearby neighbors on Lake Norman including Huntersville and Davidson.

The Town operates under the Council-Manager form of government. The Town is governed by a mayor and five commissioners elected on an at-large, non-partisan basis every two years. The next election is scheduled for November 4, 2025.

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



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

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



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

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

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

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

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

The Town of Cornelius' budget process begins in December with the development of the capital improvement program (CIP). The CIP is a multi-year forecasting tool that shows capital costs by function in each respective year of the forecast period. The CIP is presented early in the budget process at the annual budget workshop with the Town Board and includes the estimated impact on future years' operating budget. The CIP consists of all expenditures for equipment, vehicles, and construction for all funds. All expenditures exceeding $50,000 or higher are included in the CIP.



The operating budget, consisting of segments for salaries and benefits, operating costs, transfers, and support to outside agencies is sent to department managers in January. Each department submits recommended goals with funding requests to the budget team (consisting of Town Manager, Finance Director, Deputy Town Manager, and Assistant Town Manager) at the end of January. The first review of the budget is presented to the Town Board at a budget workshop in the spring. The budget proposal is tweaked during numerous budget discussions, and the Town Manager makes a final budget presentation to the Board in May. The Town Board calls for a budget public hearing in May/June, and following the public comment period, the Town Board adopts the annual budget ordinance, including setting the property tax rate for the year. While the original budget ordinance is adopted in June, throughout the fiscal year, the Board has the authority to make mid-year budget adjustments for personnel, operating, and capital.

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

Specific to the fiscal 2026 budget, the Town is pursuing several new projects. In the operating budget, the Town has funded recruitment and retention of personnel, the remaining half-year funding for the Deputy Fire Chief, and 3 Full-time Firefighters. New capital initiatives funded in the FY 26 budget include purchase of police vehicles, Bailey Road Park field turf renovations, facility needs assessment, continued street bond improvements, sidewalk construction and crosswalk improvements, Dana's Branch/Magnolia Estates stream restoration, fire equipment refurbishment, and fire station roof replacement.

Factors Affecting Financial Condition

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

Local economy. The Town is largely (80%) a residential community and continues to increase its efforts to diversify its tax base. While abundant lakefront communities contribute substantially to the Town tax base, there are also shopping centers, Charlotte Mecklenburg Schools, numerous medical and professional office buildings, and banking financial centers that provide varied employment opportunities.

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

Cornelius' economy and the Town budget continues to be influenced by the Comprehensive Master Plan. This document is expected to determine how we grow beyond our current population of 32,632 by updating land uses, and recommending capital improvements such as roads, sidewalks, greenways, and expanded park facilities.



Long-term financial planning. In November 2013, Town voters approved a $20.4 million bond referendum for roads, parks, and Town Center redevelopment. In November 2018, Town voters approved another $24 million bond referendum for road improvements. In January 2022, the Town issued the remaining $4 million of the November 2013 debt for the Town Center Redevelopment and downtown parking lots and $3.645 million of the November 2018 debt for road improvements. These long-term capital financing tools, coupled with the Town ten-year financial forecast illustrate the Town's focus on providing necessary capital cost effectively to future capital users.

The Comprehensive Master Plan document provides a guide to how the community of over 30,000 is planned to evolve in 2023 and beyond. The document contemplates future changes, such as continued implementation of the diverging diamond interchange, sidewalk connectivity, and greenway improvements to the Town Pedestrian Plan, and positive influence on new employment opportunities and community activity centers.

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

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

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

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

Other Information

Awards. The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Town of Cornelius for its annual comprehensive financial report for the fiscal year ended June 30, 2024. In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

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

Acknowledgements

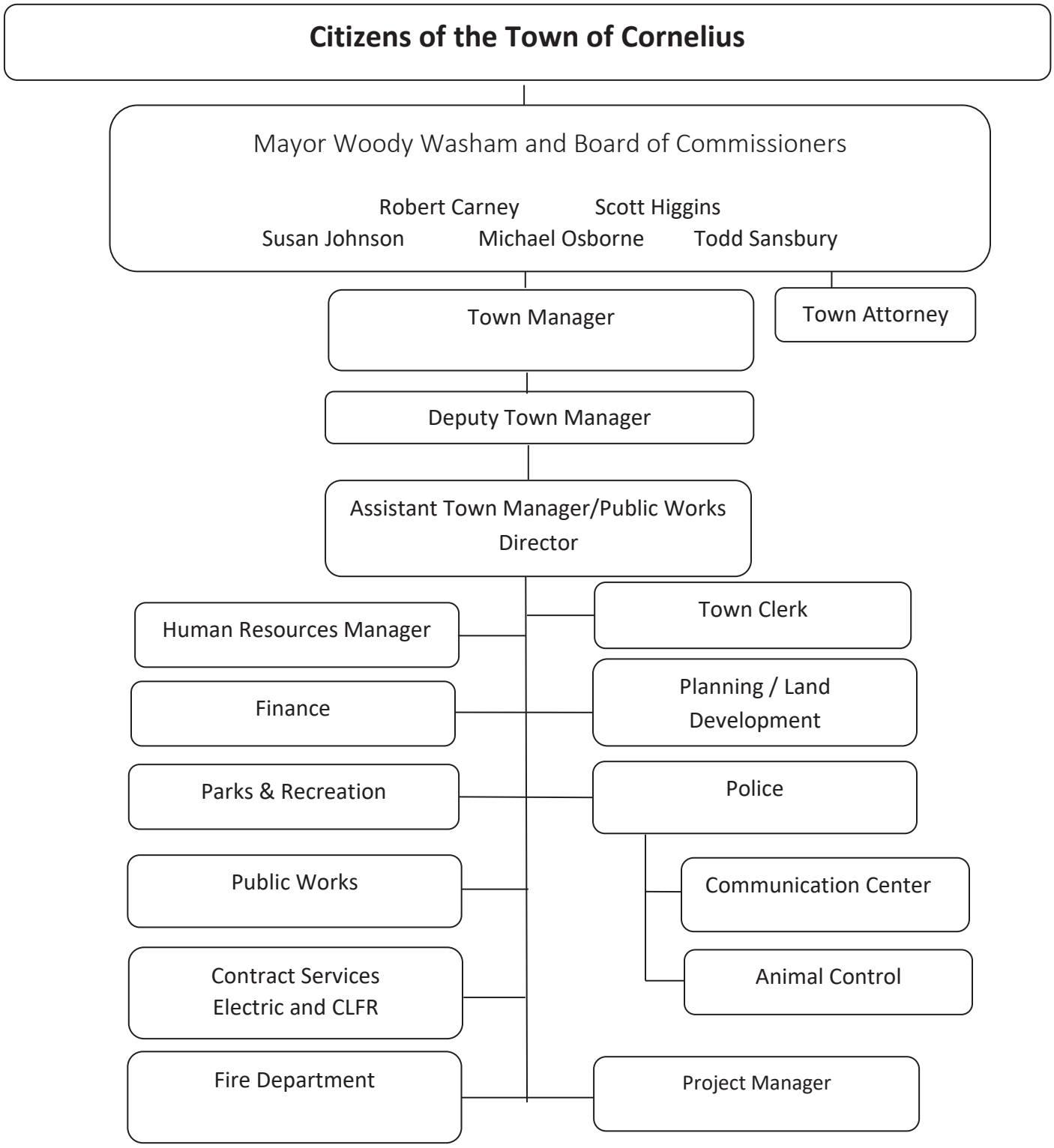
The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the Finance Department including special recognition to Cindy Johnston, the Town's Assistant Finance Director. I would like to express my sincere appreciation to all members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

Respectfully submitted,

Julie Niswonger

Julie Niswonger
Finance Director

Town of Cornelius, North Carolina
Organizational Chart



Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Town of Cornelius
North Carolina

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

June 30, 2024

Christopher P. Morrill

Executive Director/CEO

TOWN OF CORNELIUS, NORTH CAROLINA
LIST OF ELECTED AND APPOINTED OFFICIALS
June 30, 2025

LIST OF PRINCIPAL OFFICIALS

Elected Officials – Board of Commissioners

Mayor	Woody Washam
Mayor Pro Tem/ Town Commissioner	Scott Higgins
Town Commissioner	Robert Carney
Town Commissioner	Susan Johnson
Town Commissioner	Michael Osborne
Town Commissioner	Todd Sansbury

Town Appointed Officials

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


CORNELIUS
INC.
1905
NORTH CAROLINA

FINANCIAL SECTION


CORNELIUS
INC.
1905
NORTH CAROLINA

MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.
"A Professional Association of Certified Public Accountants and Management Consultants"

Independent Auditor's Report

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cornelius, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cornelius, North Carolina, as of June 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Town, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As discussed in Note 6 to the financial statements, in 2025 the Town adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards,* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements;
- obtain an understanding of internal control relevant to the audit 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 Town's internal control. Accordingly, no such opinion is expressed;
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements;
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Town's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in the Net Pension Liability, Net Pension Liability as a Percentage of Covered Payroll and Employer Contributions, the Other Post-Employment Benefits' Schedules of Changes in the Net OPEB Liability and Related Ratios, Employer Contributions and Investment Returns, and the Local Governmental Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements,

is required by Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Cornelius' basic financial statements. The combining and individual fund financial statements, budgetary schedules, and 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* (Uniform Guidance), and the State Single Audit Implementation Act, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, budgetary schedules, other schedules, and the Schedule of Expenditures of Federal and State Awards are fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and the statistical tables but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated December 3, 2025, on our consideration of the Town of Cornelius' internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on

the effectiveness of the Town of Cornelius' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards,* in considering the Town of Cornelius' internal control over financial reporting and compliance.

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 3, 2025

Management's Discussion and Analysis

As management of the Town of Cornelius, we offer readers of the Town's financial statements this narrative overview and analysis of the financial activities of the Town of Cornelius for the fiscal year ended June 30, 2025. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

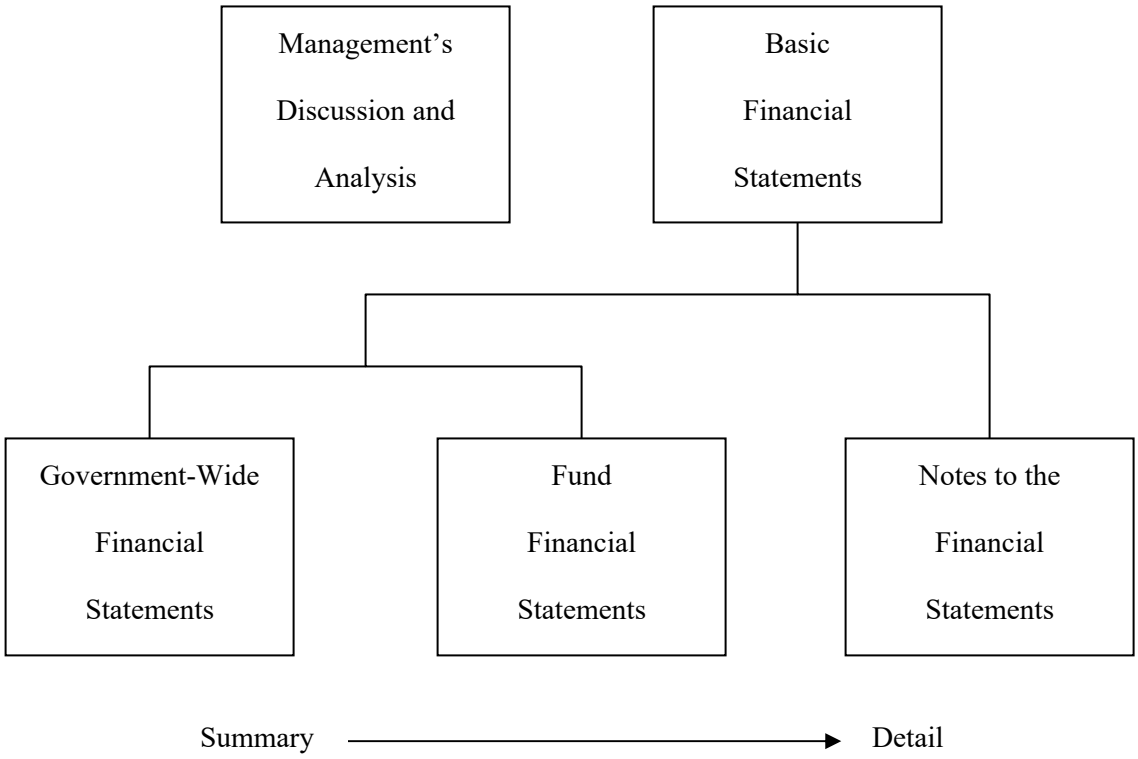
- The assets and deferred outflows of resources of the Town of Cornelius exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by $145,769,149 (*net position*).
- The Town's net position increased by $13,935,274, due to better than anticipated revenue growth from sales tax, and other unrestricted and restricted revenue sources such as interest earnings. Also, some operating items were not finished such as Downtown Master Plan, and capital items such as Emergency Rescue and Response vehicle. Also, some planned transfers from the General Fund were no longer needed to fund other capital project funds. Also, the Town received $3M in State grant funding that was utilized in FY 25 for Bailey Road Park Tennis and Pickleball Complex, Fire Department air pack replacements, street resurfacing, and Legion Park playground replacement.
- As of the close of the current fiscal year, the Town of Cornelius' governmental funds reported combined ending fund balances of $69,232,455, with a net increase of $2,179,056 in fund balance. Approximately 8.1 percent of this total amount, or $5,623,613, is non-spendable or restricted.
- At the end of the current fiscal year, available fund balance for the General Fund was $42,868,839, which represents 114.2 percent of total General Fund expenditures and transfers to other funds less debt proceeds for the fiscal year.
- The Town of Cornelius' total bonded and installment financed debt decreased by $2,414,793 (11.1%) during the current fiscal year.

Overview of the Financial Statements

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

Required Components of Annual Financial Reports

Figure 1



Basic Financial Statements

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

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

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

Government-Wide Financial Statements

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

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

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

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

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

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

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

and ending balances in the General Fund; and 4) the difference or variance between the final budget and the actual resources and charges. To account for the difference between the budgetary basis of accounting and the modified accrual basis, a reconciliation showing the differences in the reported activities is shown at the end of the budgetary statement.

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

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

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 29 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report includes certain required supplementary information concerning the Town of Cornelius' progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 78 of this report.

Interdependence with Other Entities

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

Government-Wide Financial Analysis

Town of Cornelius' Net Position
Figure 2

	Governmental Activities		Business-Type Activities		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Assets:						
Current and other assets	$ 75,933,044	$ 73,191,294	$ 7,755,057	$ 6,833,694	$ 83,688,101	$ 80,024,988
Capital assets, net	91,419,741	84,866,941	6,989,426	5,313,273	98,409,167	90,180,214
Total assets	167,352,785	158,058,235	14,744,483	12,146,967	182,097,268	170,205,202
Deferred Outflows of Resources	5,402,502	5,312,721	-	-	5,402,502	5,312,721
Liabilities:						
Long-term liabilities outstanding	32,947,954	32,417,920	51,000	101,000	32,998,954	32,518,920
Other liabilities	5,696,055	6,197,289	897,937	1,026,385	6,593,992	7,223,674
Total liabilities	38,644,009	38,615,209	948,937	1,127,385	39,592,946	39,742,594
Deferred Inflows of Resources	2,137,675	2,524,519	-	-	2,137,675	2,524,519
Net Position:						
Net investment in capital assets	72,832,105	64,596,260	6,938,426	5,212,273	79,770,531	69,808,533
Restricted	4,506,243	8,260,873	-	-	4,506,243	8,260,873
Unrestricted	54,635,255	49,374,095	6,857,120	5,807,309	61,492,375	55,181,404
Total net position	$ 131,973,603	$ 122,231,228	$ 13,795,546	$ 11,019,582	$ 145,769,149	$ 133,250,810

As noted earlier, net position may serve, over time, as one useful indicator of a government's financial condition. The assets and deferred outflows of resources of the Town of Cornelius exceeded liabilities and deferred inflows of resources by $145,769,149 as of June 30, 2025. The Town's net position increased by $13,935,274 for the fiscal year ended June 30, 2025. However, a large portion (54.7%) reflects the Town's investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt still outstanding that was issued to acquire those items. The Town of Cornelius uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Cornelius' net investment in its capital assets is reported net of the outstanding related debt, the resources needed to repay that debt must be provided by other sources, since the capital assets cannot be used to liquidate these liabilities.

An additional portion of the Town of Cornelius' net position, $4,506,243, or (3.1%), represents resources that are subject to external restrictions on how they may be used. The remaining balance of $61,492,375 is unrestricted.

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

- The Town increased its net position as a result of capital projects during the year. Examples of capital expenditures during the year include, road maintenance and improvements, stream restoration, sidewalks, annual vehicle purchases, radio replacement, Self-Contained Breathing Apparatus replacement, and park improvements.
- The Town's property tax revenue, sales tax distributions, interest earnings, and prepared food and beverage tax revenue, in all had a positive impact on the Town's cash position.

Town of Cornelius' Changes in Net Position
Figure 3

	Governmental Activities		Business-Type Activities		Total	
	2025	**2024**	**2025**	**2024**	**2025**	**2024**
Revenues:						
Program Revenues:						
Charges for services	$ 1,114,595	$ 1,240,097	$ 7,970,671	$ 7,014,912	$ 9,085,266	$ 8,255,009
Operating grants and contributions	2,266,717	7,761,213	-	-	2,266,717	7,761,213
Capital grants and contributions	3,015,000	50,000	-	-	3,015,000	50,000
General revenues:						
Property taxes	20,733,933	20,440,018	-	-	20,733,933	20,440,018
Other taxes	606,777	576,929	-	-	606,777	576,929
NCMPA rebate	-	-	1,237,868	-	1,237,868	-
Other - unrestricted	15,928,825	14,516,656	165,901	180,721	16,094,726	14,697,377
Total revenues	43,665,847	44,584,913	9,374,440	7,195,633	53,040,287	51,780,546
Expenses:						
General government	3,810,411	3,306,531	-	-	3,810,411	3,306,531
Public safety	16,603,799	14,846,927	-	-	16,603,799	14,846,927
Transportation	2,467,306	2,123,848	-	-	2,467,306	2,123,848
Environmental protection	3,271,369	3,669,044	-	-	3,271,369	3,669,044
Economic and physical development	1,401,072	1,261,818	-	-	1,401,072	1,261,818
Cultural and recreation	4,419,348	4,088,054	-	-	4,419,348	4,088,054
Interest on long-term debt	533,232	581,265	-	-	533,232	581,265
Electric	-	-	6,598,476	6,760,297	6,598,476	6,760,297
Total expenses	32,506,537	29,877,487	6,598,476	6,760,297	39,105,013	36,637,784
Change in net position	11,159,310	14,707,426	2,775,964	435,336	13,935,274	15,142,762
Net Position:						
Beginning of year, July 1	122,231,228	107,523,802	11,019,582	10,584,246	133,250,810	118,108,048
Restatement	(1,416,935)	-	-	-	(1,416,935)	-
Beginning of year	120,814,293	107,523,802	11,019,582	10,584,246	131,833,875	118,108,048
End of year, June 30	$ 131,973,603	$122,231,228	$ 13,795,546	$ 11,019,582	$ 145,769,149	$ 133,250,810

Governmental Activities. Governmental activities increased the Town's net position by $11,159,310 thereby, accounting for 80.1% of the total growth in the net position of the Town of Cornelius. Key elements of this increase are as follows:

- The Town has increased its net position as a result of capital projects and increased sales tax revenue. Other revenues showing positive trend lines include Ad Valorem, Prepared Food and Beverage tax, Utility Franchise tax, and interest earnings.
- The increase in Ad Valorem is primarily due to new development and the increase in interest earnings is due to higher interest rates. The increase in unrestricted revenues (largely sales tax) is largely driven by increased consumer spending.
- Revenues continue to outpace expenditures in spite of our investment in capital assets, such as stream restoration, vehicle purchases, road and park improvements.

Business-Type Activities. Business-type activities increased the Town of Cornelius' net position by $2,775,964, accounting for 19.9% of the total growth in the government's net position. This increase in net position is due to rate increases and some delays in some electric capital expansion projects.

Financial Analysis of the Town's Funds

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

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

The General Fund is the chief operating fund of the Town of Cornelius. At the end of the current fiscal year, fund balance available for the General Fund was $42,868,839 while total fund balance reached $45,683,706. As a measure of the General Fund's liquidity, it may be useful to compare both available fund balance and total fund balance to total fund expenditures. Available fund balance represents 114.2% of total General Fund expenditures and transfers to other funds less debt proceeds, while total fund balance represents 121.7% of that same amount.

At June 30, 2025, the governmental funds of the Town of Cornelius reported a combined fund balance of $69,232,455, with a net increase in fund balance of $2,179,056. The reason for the increase in General Fund balance was primarily due to no longer needing budgeted transfers from the General Fund to other Capital Project Funds. Also, another reason for the increase was due to conservative expenditure budgeting and revenue estimates such as interest earnings. In addition to the General Fund, the Town's other major governmental fund consists of the Infrastructure Capital Project Fund. Fund balance in the Infrastructure Capital Project fund was $11,176,631, an increase of $11,176,631, this was due to transfers from other funds or closing the Transportation Capital Reserve Fund and transferring this balance to the Infrastructure Capital Project Fund. The other nonmajor special revenue fund and capital project funds reported fund balance of $12,372,118 a decrease of $12,922,512 and the decrease is due to the closing of the Capital Reserve Fund mentioned, however, this balance was transferred into the Infrastructure Capital Project Fund.

General Fund Budgetary Highlights. During the fiscal year, the Town revised the budget on several occasions. Generally, budget amendments fall into one of three categories: 1) amendments made to adjust the estimates that are used to prepare the original budget ordinance once exact information is

available; 2) amendments made to recognize new funding amounts from external sources, such as federal and state grants; and 3) increase in appropriations that become necessary to maintain services.

FY 2025 Revenues such as sales tax came in higher than budgeted due to continued growth in this category largely due to better-than-expected economic conditions and consumer spending. Interest earnings were also budgeted conservatively and also due to the slower than projected interest earnings rate cuts by the Federal Reserve, this revenue source increased dramatically. Examples of this include sales tax distributions ($636,959), interest earnings ($1,289,911), Utility Franchise tax ($442,969), and Prepared Food and Beverage ($65,694). Expenditures were under budget due to delays in capital projects. Significant budget amendments during the year included a transfer to Stream Restoration fund and land banking acquisition.

Proprietary Funds. The Town of Cornelius' proprietary fund provides the same type of information found in the government-wide statements, but in more detail. Unrestricted net position of the Electric Fund at the end of the fiscal year amounted to $6,857,120. The total change in net position for the Electric Fund was an increase of $2,775,964. The change in net position of the Electric Fund is due to electric rate increases and delays in some electric capital expansion projects.

Capital Assets and Debt Administration

Capital Assets. The Town of Cornelius' investment in capital assets for its governmental and business-type activities as of June 30, 2025, totals $98,409,167 (net of accumulated depreciation and amortization). These assets include land, roads, buildings, machinery, equipment, vehicles, park facilities, and right of use assets.

Major capital transactions during the year are detailed below:

- Street bond design and construction expenditures.
- Police vehicles and related equipment
- Park improvements.
- Stream restoration

Town of Cornelius' Capital Assets
(net of depreciation)

Figure 4

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
Land	$ 9,729,654	$ 9,228,819	$ 267,639	$ 267,639	$ 9,997,293	$ 9,496,458
Buildings and system	6,324,936	6,457,327	4,303,999	4,277,913	10,628,935	10,735,240
Equipment	3,773,821	2,855,951	10,860	24,887	3,784,681	2,880,838
Infrastructure	46,158,344	46,161,528	-	-	46,158,344	46,161,528
Vehicles	1,190,442	1,119,104	136,157	178,106	1,326,599	1,297,210
Construction in progress	24,171,036	18,948,698	2,270,771	564,728	26,441,807	19,513,426
Right-to-use leased assets	68,447	83,601	-	-	68,447	83,601
Right-to-use subscription assets	3,061	11,913	-	-	3,061	11,913
Total	$ 91,419,741	$ 84,866,941	$ 6,989,426	$ 5,313,273	$ 98,409,167	$ 90,180,214

Additional information on the Town's capital assets can be found in the notes to basic financial statements on pages 45-47.

Long-Term Debt. As of June 30, 2025, the Town of Cornelius had total bonded debt outstanding of $15,020,000, all of which is debt backed by the full faith and credit of the Town. The remainder of the Town's debt represents installment financing contracts secured by specific collateral.

Town of Cornelius' Outstanding Debt
Figure 5

	Governmental Activities		Business-Type Activities		Total	
	2025	2024	2025	2024	2025	2024
General obligation bonds	$ 15,020,000	$ 16,400,000	$ -	$ -	$ 15,020,000	$ 16,400,000
Premium on bonds	1,153,527	1,238,103	-	-	1,153,527	1,238,103
Direct placement installment purchases	3,034,342	3,934,559	51,000	101,000	3,085,342	4,035,559
Total	$ 19,207,869	$ 21,572,662	$ 51,000	$ 101,000	$ 19,258,869	$ 21,673,662

The Town of Cornelius' governmental activities total debt decreased by $2,364,793 (11.0%) during the past fiscal year. The Town of Cornelius' business-type activities total debt decreased by $51,000 (49.5%) during the past fiscal year. During FY 25, the Town issued new direct placement installment purchases of $700,000 for public safety vehicles.

North Carolina General Statutes limit the amount of general obligation debt that a unit of government can issue to 8% of the total assessed value of taxable property located within that government's boundaries. The legal debt margin for the Town of Cornelius is approximately $938,676,000.

The Town continues to maintain less than 10% of the annual General Fund budget in debt service. Additional information regarding the Town of Cornelius' long-term debt can be found beginning on page 67 of this report.

Accounting Change

During fiscal year 2025, the Town implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. This standard requires governments to recognize a liability for certain types of compensated absences when the leave is earned, rather than when it is taken. The application of GASB 101 resulted in a restatement of ($1,416,935) to the beginning net position of the governmental activities. As a result, amounts reported in Management's Discussion and Analysis for fiscal year 2025 are not comparable to those reported for fiscal year 2024, which have not been restated in the prior year comparative information. See Note 6 for additional information regarding the impact of this standard on the current year's financial statements.

Economic Factors and Next Year's Budgets and Rates

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

- *Ad Valorem Taxes:* The Town has adopted a 17.31 cent tax rate per $100 of assessed valuation in FY 2026 and this represents no tax increase. The Town's ad valorem tax revenue increased in FY 25, and this is largely due to new development.
- *Sales Tax and Franchise Tax.* The Town's sales tax receipts have a positive trend line for multiple years. FY 2025 represents the Town's highest amount of sales tax revenue at $7,076,959. Due to conservative budgeting, several revenue sources came in higher than expected such as Prepared Food and Beverage, Utility Franchise Tax, and interest earnings revenue.

Budget Highlights for the Fiscal Year Ending June 30, 2026

Governmental Activities. The General Fund Budget totals $39,357,678 (net of reconciling items, such as debt to be issued), which represents an increase of $1,463,064 (or 3.8%) from FY 2025 estimated year-end expenditures. Some of the notable operating items as part of the FY 26 Budget include the following: 3 Full-Time Firefighters, crosswalk improvements, console radio replacement for 911 center, Rescue 4 refurbishment for the fire department, police and fire facility needs assessment, and parks and recreation park renovations to replace field turf at Bailey Road Park soccer fields.

General Fund expenditures will continue to be heavily influenced by debt service on the Series 2015 and Series 2018 Park and Street Bonds, Series 2022 Street Bonds and Town Center Redevelopment Bonds. Capital funded in the upcoming fiscal year includes police vehicles, Bailey Road Park renovations, Dana's Branch stream restoration, which continues to illustrate our commitment to a high quality of life for Cornelius' citizens. The continuation of the fire department transition plan to add personnel also has a significant impact on the Town's General Fund expenditures.

Business-Type Activities. In FY 2026, there is a customer rate increase of 5% in the Town's sole Enterprise Fund and there is a small REPS Rider rate increase. FY 26 capital plans to allocate resources for much needed system upgrades including a new substation that will enhance reliability and allow for growth. ElectriCities also plans to increase operational and personnel costs in order to provide critically needed system maintenance, reliability, and growth.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets:			
Current assets:			
Cash and investments	$ 68,667,312	$ 6,917,970	$ 75,585,282
Taxes receivable, net	156,403	-	156,403
Accounts receivable, net	310,932	1,249,357	1,560,289
Internal balances	630,239	(630,239)	-
Due from other governments	2,553,883	68,596	2,622,479
Prepaid items	429,288	2,370	431,658
Inventories	-	51,933	51,933
Restricted cash and cash equivalents	3,184,987	95,070	3,280,057
Total current assets	75,933,044	7,755,057	83,688,101
Non-current assets:			
Capital assets:			
Non-depreciable	33,900,690	2,538,410	36,439,100
Depreciable, net	57,519,051	4,451,016	61,970,067
Total capital assets	91,419,741	6,989,426	98,409,167
Total assets	167,352,785	14,744,483	182,097,268
Deferred Outflows of Resources:			
Pension deferrals	4,765,455	-	4,765,455
OPEB deferrals	637,047	-	637,047
Total deferred outflows of resources	5,402,502	-	5,402,502
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	4,694,728	792,458	5,487,186
Prepaid fees	294,497	10,409	304,906
Accrued interest	206,830	-	206,830
Customer deposits	-	95,070	95,070
Advances from grantors	500,000	-	500,000
Current portion of long-term liabilities	3,921,877	51,000	3,972,877
Total current liabilities	9,617,932	948,937	10,566,869
Long-term liabilities:			
Net pension liability - LGERS	7,673,749	-	7,673,749
Net pension liability - LEOSSA	1,867,902	-	1,867,902
Net OPEB liability	1,248,893	-	1,248,893
Non-current portion of compensated absences	1,897,943	-	1,897,943
Non-current portion of long-term liabilities	16,337,590	-	16,337,590
Total non-current liabilities	29,026,077	-	29,026,077
Total liabilities	38,644,009	948,937	39,592,946

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF NET POSITION
JUNE 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Deferred Inflows of Resources:			
Pension deferrals	790,900	-	790,900
OPEB deferrals	1,346,775	-	1,346,775
Total deferred inflows of resources	2,137,675	-	2,137,675
Net Position:			
Net investment in capital assets	72,832,105	6,938,426	79,770,531
Restricted for:			
Stabilization by state statute	2,387,837	-	2,387,837
Public safety	121,501	-	121,501
Transportation	1,996,905	-	1,996,905
Unrestricted	54,635,255	6,857,120	61,492,375
Total net position	$ 131,973,603	$ 13,795,546	$ 145,769,149

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

		Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Functions/Programs:				
Primary Government:				
Governmental Activities:				
General government	$ 3,810,411	$ 6,053	$ 102,904	$ 3,000,000
Public safety	16,603,799	68,464	1,087,040	-
Transportation	2,467,306	-	1,042,338	-
Environmental protection	3,271,369	-	24,615	-
Economic and physical development	1,401,072	43,941	-	-
Cultural and recreation	4,419,348	996,137	9,820	15,000
Interest on long-term debt	533,232	-	-	-
Total governmental activities	32,506,537	1,114,595	2,266,717	3,015,000
Business-Type Activities:				
Electric Fund	6,598,476	7,970,671	-	-
Total primary government	$ 39,105,013	$ 9,085,266	$ 2,266,717	$ 3,015,000

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2025

	Net Revenue (Expense) and Changes in Net Position		
	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Functions/Programs:			
Primary Government:			
Governmental Activities:			
General government	$ (701,454)	$ -	$ (701,454)
Public safety	(15,448,295)	-	(15,448,295)
Transportation	(1,424,968)	-	(1,424,968)
Environmental protection	(3,246,754)	-	(3,246,754)
Economic and physical development	(1,357,131)	-	(1,357,131)
Cultural and recreation	(3,398,391)	-	(3,398,391)
Interest on long-term debt	(533,232)	-	(533,232)
Total governmental activities	(26,110,225)	-	(26,110,225)
Business-Type Activities:			
Electric Fund	-	1,372,195	1,372,195
Total primary government	(26,110,225)	1,372,195	(24,738,030)
General Revenues:			
Taxes:			
Property tax	20,733,933	-	20,733,933
Other taxes and licenses	606,777	-	606,777
Unrestricted intergovernmental	12,654,794	-	12,654,794
Unrestricted investment earnings	3,274,031	165,901	3,439,932
NCMPA rebate	-	1,237,868	1,237,868
Total general revenues	37,269,535	1,403,769	38,673,304
Change in net position	11,159,310	2,775,964	13,935,274
Net Position:			
Beginning of year - July 1	122,231,228	11,019,582	133,250,810
Restatement	(1,416,935)	-	(1,416,935)
Beginning of year - July 1 as restated	120,814,293	11,019,582	131,833,875
End of year - June 30	$ 131,973,603	$ 13,795,546	$ 145,769,149

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

TOWN OF CORNELIUS, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	Major Funds			
	General Fund	Infrastructure Capital Project Fund	Other Governmental Funds	Total
Assets:				
Cash and investments	$ 46,415,069	$ 11,176,631	$ 11,075,612	$ 68,667,312
Taxes receivable, net	156,403	-	-	156,403
Accounts receivable, net	290,037	-	20,895	310,932
Due from other governments	2,520,264	-	33,619	2,553,883
Due from other funds	630,239	-	719,443	1,349,682
Prepaid items	429,288	-	-	429,288
Restricted cash and cash equivalents	2,496,905	-	688,082	3,184,987
Total assets	$ 52,938,205	$ 11,176,631	$ 12,537,651	$ 76,652,487
Liabilities, Deferred Inflows of Resources and Fund Balances:				
Liabilities:				
Accounts payable and accrued liabilities	$ 4,529,195	$ -	$ 165,533	$ 4,694,728
Due to other funds	719,443	-	-	719,443
Prepaid fees	294,497	-	-	294,497
Advances from grantors	500,000	-	-	500,000
Total liabilities	6,043,135	-	165,533	6,208,668
Deferred Inflows of Resources:				
Unavailable taxes	156,403	-	-	156,403
Unavailable revenues	1,054,961	-	-	1,054,961
Total deferred inflows of resources	1,211,364	-	-	1,211,364
Fund Balances:				
Non-spendable:				
Prepaid items	429,288	-	-	429,288
Restricted:				
Stabilization by state statute	2,385,579	-	2,258	2,387,837
Public safety	-	-	121,501	121,501
Cultural and recreation	-	-	688,082	688,082
Transportation	1,996,905	-	-	1,996,905
Committed:				
General government	-	-	27,579	27,579
Transportation	-	11,176,631	5,739,401	16,916,032
Environmental protection	-	-	379,415	379,415
Culture and recreation	-	-	5,103,758	5,103,758
Assigned:				
Subsequent year's expenditures	4,505,728	-	310,124	4,815,852
Unassigned	36,366,206	-	-	36,366,206
Total fund balances	45,683,706	11,176,631	12,372,118	69,232,455
Total liabilities, deferred inflows of resources, and fund balances	$ 52,938,205	$ 11,176,631	$ 12,537,651	$ 76,652,487

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

TOWN OF CORNELIUS, NORTH CAROLINA

BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2025

	Total
Amounts reported for governmental activities in the Statement of Net Position (Exhibit A) are different because:	
Total fund balances	$ 69,232,455
Capital assets, net of accumulated depreciation, used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	91,348,233
Right-to-use leased assets and subscription assets used in governmental activities are not current financial resources and, therefore, are not reported in the funds.	71,508
Deferred outflows of resources related to pensions are not reported in the funds.	4,765,455
Deferred outflows of resources related to OPEB are not reported in the funds.	637,047
Long-term liabilities, compensated absences, and interest payable are not due and payable in the current period and, therefore, are not reported in the funds.	(22,364,240)
Net pension liability - LGERS	(7,673,749)
Net pension liability - LEOSSA	(1,867,902)
Net OPEB liability	(1,248,893)
Deferred inflows of resources related to pensions are not reported in the funds.	(790,900)
Deferred inflows of resources related to OPEB are not reported in the funds.	(1,346,775)
Deferred inflows in the governmental funds are used to offset accounts receivable not expected to be received within 60 days of year-end. These receivables are a component of net position in the Statement of Net Position.	1,211,364
Net position of governmental activities	$ 131,973,603

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2025

	Major Funds					
	General Fund	Infrastructure Capital Project Fund	American Recovery Plan Act Fund	Capital Reserve Fund	Other Governmental Funds	Total
Revenues:						
Ad valorem taxes	$ 20,717,128	$ -	$ -	$ -	$ -	$ 20,717,128
Other taxes and licenses	606,777	-	-	-	-	606,777
Unrestricted intergovernmental	11,599,833	-	-	-	-	11,599,833
Restricted intergovernmental	4,805,944	-	-	-	-	4,805,944
Permits and fees	159,157	-	-	-	-	159,157
Sales and services	1,001,455	-	-	-	-	1,001,455
Investment earnings	2,149,911	622,744	-	-	501,376	3,274,031
Miscellaneous	414,756	-	-	-	15,000	429,756
Total revenues	41,454,961	622,744	-	-	516,376	42,594,081
Expenditures:						
Current:						
General government	3,454,517	-	-	-	-	3,454,517
Public safety	16,252,498	-	-	-	54,768	16,307,266
Transportation	3,527,616	3,168,000	-	-	68,225	6,763,841
Environmental protection	3,390,140	-	-	-	516,937	3,907,077
Economic and physical development	1,365,600	-	-	-	-	1,365,600
Cultural and recreation	3,935,622	-	-	-	1,772,072	5,707,694
Debt service:						
Principal	3,014,144	-	-	-	-	3,014,144
Interest	609,970	-	-	-	-	609,970
Total expenditures	35,550,107	3,168,000	-	-	2,412,002	41,130,109
Revenues over (under) expenditures	5,904,854	(2,545,256)	-	-	(1,895,626)	1,463,972
Other Financing Sources (Uses):						
Long-term debt issued	700,000	-	-	-	-	700,000
Lease liabilities issued	15,084	-	-	-	-	15,084
Transfers from other funds	-	13,721,887	-	-	1,546,180	15,268,067
Transfers to other funds	(2,695,001)	-	-	-	(12,573,066)	(15,268,067)
Total other financing sources (uses)	(1,979,917)	13,721,887	-	-	(11,026,886)	715,084
Net change in fund balances	3,924,937	11,176,631	-	-	(12,922,512)	2,179,056
Fund Balances:						
Beginning of year - July 1, as previously presented	41,758,769	-	899,603	11,335,980	13,059,047	67,053,399
Change within financial reporting entity (major to nonmajor fund)	-	-	(899,603)	(11,335,980)	12,235,583	-
Beginning of year - July 1, as adjusted or restated	41,758,769	-	-	-	25,294,630	67,053,399
End of year - June 30	$ 45,683,706	$ 11,176,631	$ -	$ -	$ 12,372,118	$ 69,232,455

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

TOWN OF CORNELIUS, NORTH CAROLINA

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

Amounts reported for governmental activities in the Statement of Activities (Exhibit B) are different due to the following items:		
Net change in fund balances - governmental funds (Exhibit D)		$ 2,179,056
Exhibit D reports revenues using a current financial resources basis, which generally means revenue is recognized when collected, or is expected to be collected, within 60 days of year-end. Exhibit B reports revenues when the earning process is complete, regardless of when it is collected. This measurement difference causes timing of revenue recognition differences for the following revenue types:		
Property taxes		16,805
Unrestricted intergovernmental		1,054,961
Expenses related to interest expense that do not require current financial resources are not reported as expenditures.		(7,838)
Capital outlays are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, capital outlay is not an expense, rather it is an increase in capital assets.		10,473,992
Depreciation expense allocates the costs of capital assets over their useful lives. It is not reported as an expenditure in the governmental funds statement.		(3,897,186)
Right to use leased and subscription asset capital outlay expenditures which were capitalized.		15,084
Amortization of right to use leased assets and subscription assets is not reported as an expenditure in the governmental funds statement.		(39,090)
Principal repayments are reported as expenditures in the governmental funds statement. However, in the Statement of Activities, these transactions are not an expense, rather they are a decrease in liabilities.		3,014,144
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.		84,576
Proceeds from issuance of debt are reported as revenues in the governmental funds statement. However, in the Statement of Activities, it is not a revenue, rather it is an increase in liabilities.		(715,084)
Expenses related to the increase in vacation and sick pay and the increase in the net OPEB and pension obligations in the Statement of Activities that do not pay for current financial obligations are not reported as expenditures in the governmental funds. This adjustment is the amount of net change in these balances in the current year.		
Compensated absences	(189,392)	
Pension expense - LGERS	(862,838)	
Pension expense - LEOSSA	(91,371)	
Other post-employment benefits	123,491	(1,020,110)
Total changes in net position of governmental activities		$ 11,159,310

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

TOWN OF CORNELIUS, NORTH CAROLINA

GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	Over/Under
Revenues:				
Ad valorem taxes	$ 20,384,226	$ 20,384,226	$ 20,717,128	$ 332,902
Other taxes and licenses	522,245	522,245	606,777	84,532
Unrestricted intergovernmental	10,355,909	10,355,909	11,599,833	1,243,924
Restricted intergovernmental	4,689,000	4,689,000	4,805,944	116,944
Permits and fees	128,800	128,800	159,157	30,357
Sales and services	826,800	825,300	1,001,455	176,155
Investment earnings	860,000	860,000	2,149,911	1,289,911
Miscellaneous	35,600	150,373	414,756	264,383
Total revenues	37,802,580	37,915,853	41,454,961	3,539,108
Expenditures:				
Current:				
General government	3,653,107	4,085,938	3,454,517	631,421
Public safety	17,242,635	18,109,200	16,252,498	1,856,702
Transportation	3,123,550	3,623,550	3,527,616	95,934
Environmental protection	3,792,238	3,496,058	3,390,140	105,918
Economic and physical development	1,415,469	1,571,316	1,365,600	205,716
Cultural and recreation	4,198,241	4,199,299	3,935,622	263,677
Debt service:				
Principal	3,066,860	3,102,120	3,014,144	87,976
Interest	666,946	666,946	609,970	56,976
Total expenditures	37,159,046	38,854,427	35,550,107	3,304,320
Revenues over (under) expenditures	643,534	(938,574)	5,904,854	6,843,428
Other Financing Sources (Uses):				
Long-term debt issued	705,000	705,000	700,000	(5,000)
Lease liabilities issued	-	-	15,084	15,084
Transfers to other funds	(5,418,821)	(5,965,001)	(2,695,001)	3,270,000
Appropriated fund balance	4,070,287	6,198,575	-	(6,198,575)
Total other financing sources (uses)	(643,534)	938,574	(1,979,917)	(2,918,491)
Net change in fund balance	$ -	$ -	3,924,937	$ 3,924,937
Fund Balance:				
Beginning of year - July 1			41,758,769	
End of year - June 30			$ 45,683,706	

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF NET POSITION
PROPRIETARY FUND
JUNE 30, 2025

	Electric Fund
Assets:	
Current assets:	
Cash and investments	$ 6,917,970
Accounts receivable, net-billed	635,371
Accounts receivable, net-unbilled	560,345
Due from other governments	68,596
Other receivables	53,641
Inventories	51,933
Prepaids	2,370
Restricted cash and cash equivalents	95,070
Total current assets	8,385,296
Non-current assets:	
Non-depreciable	2,538,410
Depreciable capital assets, net	4,451,016
Total non-current assets	6,989,426
Total assets	15,374,722
Liabilities:	
Current liabilities:	
Accounts payable and accrued liabilities	792,458
Prepaid fees	10,409
Due to other funds	630,239
Liabilities to be paid from restricted assets:	
Customer deposits	95,070
Note payable	51,000
Total liabilities	1,579,176
Net Position:	
Net investment in capital assets	6,938,426
Unrestricted	6,857,120
Total net position	$ 13,795,546

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION - PROPRIETARY FUND FOR THE YEAR ENDED JUNE 30, 2025

	Electric Fund
Operating Revenues:	
Charges for services	$ 7,961,645
Other operating revenue	9,026
Total operating revenues	7,970,671
Operating Expenses:	
Administrative and contract services	208,581
Electrical operations	2,164,535
Electrical purchases	3,872,349
Depreciation	430,101
Total operating expenses	6,675,566
Operating income (loss)	1,295,105
Non-Operating Revenues (Expenses):	
Investment earnings	165,901
NCMPA rebate	1,237,868
Miscellaneous	77,888
Interest expense	(798)
Total non-operating revenues (expenses)	1,480,859
Change in net position	2,775,964
Net Position:	
Beginning of year - July 1	11,019,582
End of year - June 30	$ 13,795,546

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF CASH FLOWS
PROPRIETARY FUND
FOR THE YEAR ENDED JUNE 30, 2025

	Electric Fund
Cash Flows From Operating Activities:	
Cash received from customers	$ 7,447,903
Cash paid for goods and services	(5,318,958)
Cash paid to contracted employees for services	(942,983)
Customer deposits received (refunded)	(33,406)
Net cash provided (used) by operating activities	1,152,556
Cash Flows From Non-Capital Financing Activities:	
NCMPA rebate	1,237,868
Change in due to/due from other funds	(11,154)
Net cash provided (used) by non-capital financing activities	1,226,714
Cash Flows From Capital and Related Financing Activities:	
Principal paid on long-term debt	(50,000)
Acquisition of capital assets and construction	(2,106,254)
Interest payment on long-term debt	(798)
Net cash provided (used) by capital and related financing activities	(2,157,052)
Cash Flows From Investing Activities:	
Interest and dividends	165,901
Net increase (decrease) in cash and cash equivalents	388,119
Cash and Cash Equivalents:	
Beginning of year - July 1	6,624,921
End of year - June 30	$ 7,013,040
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Operating income (loss)	$ 1,295,105
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:	
Depreciation	430,101
Increase/decrease in:	
Accounts receivable	(455,289)
Inventory	12,909
Accounts payable accrued liabilities	(105,451)
Unearned revenue	10,409
Customer deposits	(33,406)
Prepaids	(1,822)
Net cash provided (used) by operating activities	$ 1,152,556

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2025

	Pension Trust Funds
Assets:	
Restricted assets:	
Investments:	
Cash and cash equivalents	
Fixed income	$ 1,455,327
Net Position:	
Net position restricted for post-employment benefits other than pensions	727,663
Net position restricted for defined benefit pensions	727,664
Total net position	$ 1,455,327

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

TOWN OF CORNELIUS, NORTH CAROLINA

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2025

	Pension Trust Funds
Additions:	
Investment income	$ 205,428
Change in net position	205,428
Net Position:	
Beginning of year - July 1	1,249,899
End of year - June 30	$ 1,455,327

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


CORNELIUS
INC.
1905
NORTH CAROLINA

1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

B. Basis of Presentation

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

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

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

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

The Town reports the following major governmental funds:

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

Infrastructure Capital Project Fund. This fund is used to account for infrastructure improvements in the Town of Cornelius.

The Town reports the following nonmajor governmental funds:

Special Revenue Fund. Emergency Telephone System Fund is used to account for 911 revenues received by the state 911 Board to enhance the state's 911 system. American Recovery Plan Act Fund is used to account for monies received from the Federal American Rescue Plan Act.

Capital Projects Funds. The capital projects funds account for financial resources to be used for the acquisition, construction, and improvement of major capital facilities (other than those financed by the proprietary fund). The Town has the following nonmajor capital project funds: Parks Bond, Streets Bond, 2018 Series Streets Bond, Diverging Diamond Interchange, Town Center Infrastructure, Town Center Redevelopment Bonds, 2018 Series Parks Bond, Willow Pond Stream Restoration and Other Stream Restoration Projects, Smithville Town Infrastructure, 2022 Series Streets Bond, Bailey Road Park Tennis and Pickleball Complex, and Capital Reserve Fund.

The Town reports the following major enterprise fund:

Electric Fund. This fund is used to account for the Town's Electric Fund operations. The Electric Utility Substation Capital Project Fund has been consolidated into this fund for reporting purposes.

The Town reports the following fund types:

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

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

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

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

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

D. Budgetary Data

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

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

Deposits and Investments

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

State law [G.S. 159-30] 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, mutual fund shares when the mutual fund is certified by the Local Government Commission.

General Statue 159-30.1 allows the Town to establish irrevocable trusts for purpose of paying post-employment benefits (OPEB) and law enforcement officer's special separation allowance (LEOSSA) for which the Town are liable. The Town Other Postemployment Benefit (OPEB) Trust and a Law Enforcement Officer's Special Separation Allowance (LEOSSA) Trust are managed by the staff of the Department of the State Treasurer and operated in accordance with state laws and regulations. The trust is not registered with the SEC. G.S. 159-30(g) allows the Town to make contributions to the Trusts. The State Treasurer in his discretion may invest the proceeds in equities of certain publicly held companies and long or short-term fixed income investments as detailed in G.S. 147-69.2(b) (1-6) and (8). Funds submitted are managed in three different sub-funds, the State Treasurer's Short Term Investment Fund (STIF) consisting of short to intermediate treasuries, agencies and corporate issues authorized by G.S. 147-69.1, the Bond Index Fund (BIF) consisting of high-quality debt securities eligible under G.S. 147-69.2(b)(1)-(6), and BlackRock's MSCI ACWI EQ Index Non-Lendable Class B Fund authorized under G.S. 147-69-2(b)(8).

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

The North Carolina Capital Management Trust (NCCMT) Government Portfolio is as SEC-registered money market mutual fund that is certified by the Local Government Commission under the provisions of G.S. 159-30(c)(8) and the North Carolina Administrative Code. The Government Portfolio is a 2a-7 fund that invests in treasuries, government agencies, and repurchase agreements collateralized by treasuries. It is rated AAAm by S&P and AAAmf by Moody Investor Services and reported at fair value.

The North Carolina Cooperative Liquid Assets Securities System (NCCLASS), is an investment pool authorized by North Carolia General Statutes Section 159-30(c)(10), and was established by an Interlocal Agreement dated March 1, 2023, as amended, by the local government pursuant to pursuant to §160A-460 through §160A-464. The investments within North Carolina CLASS are limited to those qualifying for investment under §159-30(c). North Carolina CLASS has been rated AAAm by S&P.

Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs - other than quoted prices - included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at $1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2025, of 2.1 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

The BIF is measured at fair value using Level 2 inputs and is based upon units of participation. Units of participation are calculated monthly based upon inflows and outflows as well as allocations of net earnings. BIF does not have a credit rating, was valued at $1 per unit, and had an average maturity of 8.11 years on June 30, 2025.

The BlackRock's MSCI ACWI EQ Index Non-Lendable Class B fund, authorized under G.S. 147-69.2(b)(8), is a common trust fund considered to be commingled in nature. The Fund's fair value is the number of shares times the net asset value as determined by a third party. At June 30, 2025 the fair value of the funds was $44.3339 per share. Fair value for this BlackRock fund is determined using Level 1 inputs which are directly observable, quoted prices (unadjusted) in active markets for identical assets or liabilities.

Cash and Cash Equivalents

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

Restricted Assets

Unexpended debt proceeds are restricted to finance the construction for 2018 Series Parks Bond Capital Project. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing, or widening of local streets per G.S. 136-41.1 through 136-41.4. The unexpended grant funds are classified as restricted assets in the General Fund because their use is completely restricted to the purpose for which the funds were originally granted.

Cash and cash equivalents in the Other Post-Employment Benefits Trust Fund of $727,663 and the Law Enforcement Officer's Special Separation Allowance Trust Fund of $727,664 are considered restricted because the funds can only be used to pay other post-employment benefit and special separation allowance obligations.

Governmental Activities:		
General Fund:		
Transportation	$	1,996,905
Unexpended grant funds		500,000
2018 Series Parks Bond Capital Project Fund:		
Unexpended debt proceeds		688,082
Total governmental activities		3,184,987
Business-Type Activities:		
Electric Fund:		
Customer deposits		95,070
Total restricted cash	$	3,280,057

Ad Valorem Taxes Receivable

In accordance with state law [G.S. 105-347 and G.S. 159-13(a)], the Town levies ad valorem taxes on property other than motor vehicles on July 1st, the beginning of the fiscal year. The taxes are due on September 1st (lien date); however, penalties and interest do not accrue until the following January 6th. The taxes levied are based on the assessed values as of January 1, 2024.

Allowance for Uncollectible Accounts

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

Inventory and Prepaid Items

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

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

Capital Assets

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

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

The Town's capital assets also include certain right-to-use assets. These right-to-use assets arise in association with agreements where the Town reports a lease (only applies when the Town is the lessee) or agreements where the Town reports an Information Technology (IT) Subscription in accordance with the requirements of GASB 87 and GASB 96, respectively.

The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made at or prior to the start of the lease term, less lease incentives received from the lessor at or prior to the start of the lease term, and plus ancillary charges necessary to place the lease asset into service. The right-to-use lease assets are amortized on a straight-line basis over the life of the related lease.

The right-to-use IT subscription assets are initially measured at an amount equal to the initial measurement of the subscription liability plus any subscription payments made at the start of the subscription term, if applicable, plus capitalizable initial implementation costs at the start of the subscription term, less any incentives received from the IT subscription vendor at the start of the subscription term. Subscription payments, as well as payments for capitalizable implementation costs made before the start of the subscription term should be reported as a prepayment (asset). Such prepayments should be reduced by any incentives received from the same vendor before the start of the subscription term if a right of offset exists. The net amount of the prepayments and incentives should be reported as an asset or liability, as appropriate, before the start of the subscription term at which time the amount should be included in the initial measurement of the subscription asset. The right-to-use subscription assets should be amortized on a straight-line basis over the subscription term.

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

Asset Class	Estimated Useful Lives
Infrastructure	40 years
Buildings	40 years
Improvements	10-40 years
Substations and lines	7-40 years
Vehicles	5 years
Equipment	3-10 years

Deferred Outflows/Inflows of Resources

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

Long-Term Obligations

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

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

Compensated Absences

The Town recognizes a liability for compensated absences for leave time that (1) has been earned for services previously rendered by employees, (2) accumulates and is allowed to be carried over to subsequent years, and (3) is more likely than not to be used as time off or settled (for example paid in cash to the employee or payment to an employee flex spending account) during or upon separation from employment. Based on the criteria listed, three types of leave qualify for liability recognition for compensated absences – *vacation, holiday,* and *sick leave.* The liability for compensated absences is reported as incurred in the government-wide financial statements. A liability for compensated absences is recorded in the governmental funds only if the liability has matured because of employee resignations or retirements. The liability for compensated absences includes salary-related benefits, where applicable.

Vacation

The Town's policy permits employees to accumulate earned but unused vacation benefits, which are eligible for payment at the employee's current pay rate upon separation from employment. On December 31st, any employee with more than 240 hours of vacation leave for regular traditional OR exempt employees, 252 hours for non-exempt police officers and telecommunicators, and 324 hours for non-exempt firefighters shall have the excess accumulation transferred to sick leave so that only these maximum amounts are carried forward as vacation leave to January 1st of the next calendar year.

Holiday

The Town's policy permits public safety employees to accrue holiday leave at a rate commensurate with their work schedule for each regular holiday observed. Public safety employees may carry forward into a new calendar year up to a maximum of 160 hours of holiday leave. Employees with accrued holiday leave above the maximum will forfeit the excess at the start of each calendar year. They are eligible for payment at the employee's current pay rate upon separation from employment.

Sick Leave
The Town's policy permits employees to accumulate earned but unused sick leave. All sick leave lapses when employees leave the employment of the Town and, upon separation from service, no monetary obligation exists. However, a liability for estimated value of sick leave that will be used by employees as time off is included in the liability for compensated absences.

Net Position/Fund Balances

Net Position

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

Fund Balances

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

The governmental fund types classify fund balances as follows:

Non-Spendable Fund Balance

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

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

Restricted Fund Balance

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

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

is reduced by inventories and prepaids as they are classified as non-spendable. Outstanding encumbrances are included within RSS. RSS is included as a component of restricted net position and restricted fund balance on the face of the balance sheet.

Restricted for Public Safety – portion of fund balance that is restricted by revenue source for public safety expenditures. $121,501 represents the balance of unspent E-911 funds.

Restricted for Cultural and Recreation – portion of fund balance that is restricted by revenue source for cultural and recreation expenditures. This amount represents the balance of the total unspent debt proceeds of $688,082.

Restricted for Transportation – portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents unexpended Powell Bill funds of $1,996,905.

Restricted net position on Exhibit A varies from restricted fund balance on Exhibit C by the amount of unspent debt proceeds of $688,082 (restricted cash for unspent debt proceeds less related liability amounts) as of June 30, 2025.

Committed Fund Balance

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

Committed for General Government – portion of fund balance committed by the Board for general government expenditures.

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

Committed for Environmental Protection – portion of fund balance committed by the Board for stream restoration projects.

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

Assigned Fund Balance

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

Assigned for 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 make certain modifications utilizing a contingency line item without requiring Board approval.

Unassigned Fund Balance

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

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

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

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

Total fund balance - General Fund	$ 45,683,706
Less:	
Prepaid items	429,288
Stabilization by state statute	2,385,579
Total available fund balance	$ 42,868,839

F. Defined Benefit Pension and OPEB Plans

The Town participates in two cost-sharing, multiple-employer, defined benefit pension plans that are administered by the state: the Local Governmental Employees' Retirement System (LGERS), the Law Enforcement Officers' Special Separation Allowance (LEOSSA) (collectively, the "state-administered defined benefit pension plans), and one Other Postemployment Benefit Plan (OPEB), the Healthcare Benefits Plan (HCB). For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net positions

of the state-administered defined benefit pension plans and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by state-administered defined benefit pension plans. For this purpose, plan member contributions are recognized in the period in which the contributions are due. The Town's employer contributions are recognized when due and the Town has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of state-administered defined benefit pension plans. For purposes of measuring the net OPEB liability, deferred outflows and inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the HCB and additions to/deductions from the HCB's fiduciary net position have been determined on the same basis as they are reported by the HCB. For this purpose, the HCB recognizes benefit payments when due and payable in accordance with the benefit terms. Investments for all plans are reported at fair value.

G. Management Estimates

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

2. Detail Notes on All Funds

A. Assets

Deposits

All of the Town's deposits are either insured or collateralized by using one of two methods. Under the Dedicated Method, all deposits that exceed the federal depository insurance coverage level are collateralized with securities held by the Town's agent in their name. Under the Pooling Method, which is a collateral pool, all uninsured deposits are collateralized with securities held by the State Treasurer's agent in the name of the State Treasurer. Since the State Treasurer is acting in a fiduciary capacity for the Town, these deposits are considered to be held by the Town's agent in their name. The amount of the pledged collateral is based on an approved averaging method for non-interest-bearing deposits and the actual current balance for interest-bearing deposits. Depositories using the Pooling Method report to the State Treasurer the adequacy of their pooled collateral covering uninsured deposits. The State Treasurer does not confirm this information with the Town or with the escrow agent. Because of the inability to measure the exact amount of collateral pledged for the Town under the Pooling Method, the potential exists for 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 formal policy regarding custodial credit risk for deposits but relies on the State Treasurer to enforce standards of minimum capitalization for all pooling method financial institutions and to monitor them for compliance. The Town complies with the provisions of G.S. 159-31 when designating official depositories and verifying that deposits are properly secured.

At June 30, 2025, the Town's deposits had a carrying amount of $31,821,603 and a bank balance of $32,289,203. Of the bank balance, $1,500,000 was covered by federal depository insurance and the remainder was covered by collateral held under the Pooling Method. At June 30, 2025, the Town's petty cash fund totaled $400.

Investments

At June 30, 2025, the Town investment balances were as follows:

Investment by Type	Valuation Measurement Method	Book Value at 6/30/25	Maturity	Rating
NC Capital Management Trust - Government Portfolio	Fair Value-Level 1	$ 37,329,288	N/A	AAAm
Government Agency: Federal Home Loan Bank	Fair Value-Level 2	969,854	Less than 1 year	AA+
NC Cooperative Liquid Assets Securities System	Fair Value-Level 1	7,213,486	Less than 90 days	AAAm
NC STIF	Fair Value-Level 1	654		
BlackRock MSCI ACWI EQ	Fair Value-Level 1	1,530,054		
		$ 47,043,336		

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

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

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

Credit Risk. As a means of minimizing credit risk, the Town's internal investment policy limits investments to the safest types of securities, pre-qualifying financial institutions, brokers/dealers, and intermediaries with which the Town will do business and diversify the investment portfolio. The Town's investment in the North Carolina Capital Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's and AAA-mf by Moody's Investor Service as of June 30, 2025. The Town's investment in NCCLASS carried a credit rating of AAAm by Standard & Poors as of June 30, 2025. The Town's investments in US Government Agencies (Federal Home Loan Bank) are rated AA+ by Standard & Poor's and Aaa by Moody's Investors Service.

At June 30, 2025, the Town's Healthcare Benefits (HCB) Plan Fund had $727,663 invested in the State Treasurer's Local Government Other Post-Employment Benefits (OPEB) Trust pursuant to G.S. 159-30.1. The State Treasurer's OPEB Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the Town's OPEB Trust was invested as follows: State Treasurer's STIF 0.07% and Blackrock MSCI ACWI 99.93%.

Level of the Fair Value Hierarchy: Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at $1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2025 of 2.1 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

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

Interest Rate Risk. The Town does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 2.1 years at June 30, 2025.

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

At June 30, 2025, the Town's Law Enforcement Officers' Special Separation Allowance (LEOSSA) Plan Fund had $727,664 invested in the State Treasurer's Law Enforcement Officer's Special Separation Allowance (LEOSSA) Trust pursuant to G.S. 159-30.1. The State Treasurer's LEOSSA Trust may invest in public equities and both long-term and short-term fixed income obligations as determined by the State Treasurer pursuant to the General Statutes. At year-end, the Town's LEOSSA Trust was invested as follows: State Treasurer's STIF 0.07% and Blackrock MSCI ACWI 99.93%.

Level of the Fair Value Hierarchy: Ownership of the STIF is determined on a fair market valuation basis as of fiscal year end in accordance with the STIF operating procedures. STIF investments are valued by the custodian using Level 2 inputs which in this case involves inputs—other than quoted prices—included within Level 1 that are either directly or indirectly observable for the asset or liability. The STIF is valued at $1 per share. The STIF portfolio is unrated and had a weighted average maturity at June 30, 2025 of 2.1 years. Under the authority of G.S. 147-69.3, no unrealized gains or losses of the STIF are distributed to participants of the fund.

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

Interest Rate Risk. The Town does not have a formal investment interest rate policy that manages its exposure to fair value losses arising from increasing interest rates. The State Treasurer's STIF is unrated and had a weighted average maturity of 2.1 years at June 30, 2025.

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

Receivables - Allowances for Doubtful Accounts

The receivable amounts presented in the Balance Sheet and Statement of Net Position for the year ended June 30, 2025 are net of the following allowances for doubtful accounts:

General Fund:	
Taxes receivable	$ 72,187
Enterprise Fund:	
Accounts receivable	89,182
Total	$ 161,369

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

	Governmental Activities	Business-Type Activities
Sales and use tax distribution	$ 2,265,348	$ -
Sales tax refund	288,535	68,596
Total	$ 2,553,883	$ 68,596

Capital Assets

Capital asset activity for the primary government for the year ended June 30, 2025, was as follows:

	July 1, 2024	Increases	Decreases	Transfers	June 30, 2025
Governmental Activities:					
Non-Depreciable Capital Assets:					
Land	$ 9,228,819	$ 500,835	$ -	$ -	$ 9,729,654
Construction in progress	18,948,698	5,536,581	-	(314,243)	24,171,036
Total non-depreciable capital assets	28,177,517	6,037,416	-	(314,243)	33,900,690
Depreciable Capital Assets:					
Buildings	16,328,203	51,931	-	314,243	16,694,377
Equipment	9,716,910	1,322,170	-	-	11,039,080
Vehicles	10,559,844	1,192,502	-	-	11,752,346
Right-to-use leased assets	142,073	15,084	(13,389)	-	143,768
Right-to-use subscription assets	28,419	-	(16,702)	-	11,717
Infrastructure	65,226,086	1,869,973	-	-	67,096,059
Total depreciable capital assets	102,001,535	4,451,660	(30,091)	314,243	106,737,347
Less Accumulated Depreciation/ Amortization:					
Buildings	9,870,876	498,565	-	-	10,369,441
Equipment	6,860,959	404,300	-	-	7,265,259
Vehicles	9,440,740	1,121,164	-	-	10,561,904
Right-to-use leased assets	58,472	30,238	(13,389)	-	75,321
Right-to-use subscription assets	16,506	8,852	(16,702)	-	8,656
Infrastructure	19,064,558	1,873,157	-	-	20,937,715
Total accumulated depreciation/amortization	45,312,111	3,936,276	(30,091)	-	49,218,296
Total depreciable capital assets, net	56,689,424				57,519,051
Governmental activities capital assets, net	$ 84,866,941				$ 91,419,741

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

General government	$ 298,165
Public safety	1,561,843
Transportation	1,012,943
Environmental protection	32,437
Cultural and recreational	1,025,177
Economic and physical development	5,711
Total depreciation	$ 3,936,276

Capital assets for business-type activities for the year ended June 30, 2025 were as follows:

	July 1, 2024	Increases	Decreases	June 30, 2025
Electric Fund:				
Non-Depreciable Capital Assets:				
Land	$ 267,639	$ -	$ -	$ 267,639
Construction in progress	564,728	1,706,043	-	2,270,771
Total non-depreciable capital assets	832,367	1,706,043	-	2,538,410
Depreciable Capital Assets:				
Substations, lines, and related equipment	12,549,625	400,211	-	12,949,836
Equipment	153,537	-	-	153,537
Vehicles and motorized equipment	716,217	-	-	716,217
Total depreciable capital assets	13,419,379	400,211	-	13,819,590
Less Accumulated Depreciation:				
Substations, lines, and related equipment	8,271,712	374,125	-	8,645,837
Equipment	128,650	14,027	-	142,677
Vehicles and motorized equipment	538,111	41,949	-	580,060
Total accumulated depreciation	8,938,473	430,101	-	9,368,574
Total depreciable capital assets, net	4,480,906			4,451,016
Electric Fund capital assets, net	$ 5,313,273			$ 6,989,426

Net Investment in Capital Assets

The total net investment in capital assets at June 30, 2025, is composed of the following elements:

	Governmental Activities	Business-Type Activities
Capital assets	$ 91,419,741	$ 6,989,426
Long-term debt	(19,275,718)	(51,000)
Add unspent debt proceeds	688,082	-
Net investment in capital assets	$ 72,832,105	$ 6,938,426

Commitments

The Town of Cornelius has active construction projects as of at June 30, 2025. At year-end, the Town's commitments with contractors are as follows:

Project	Spent-to-Date	Remaining Commitment
Parks Bonds Series 2015	$ 8,168,573	$ 170,627
2018 Series Parks Bond	363,264	1,346,736
2018 Series Street Bond	6,163,163	46,875
Town Center Infrastructure Fund	1,674,972	1,520,314
Diverging Diamond Interchange	1,165,121	96,346
Willow Pond Stream Restoration	1,490,396	408,564
BRP Tennis & Pickleball Complex	2,187,779	602,921
Infrastructure Capital Project	3,168,000	9,405,066
Smithville Infrastructure	828,618	3,571,382
Electric Substation	2,270,771	1,641,729
Total	$ 27,480,657	$ 18,810,560

B. Liabilities

Payables at the government-wide level at June 30, 2025, were as follows:

	Vendors	Salaries and Benefits	Total
Governmental Activities:			
General Fund	$ 4,215,266	$ 313,929	$ 4,529,195
Other governmental	165,533	-	165,533
Total	$ 4,380,799	$ 313,929	$ 4,694,728
Business-Type Activities:			
Electric Fund	$ 792,458	$ -	$ 792,458

Pension Plan Obligations

Local Governmental Employees' Retirement System

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

Benefits Provided. LGERS provides retirement, disability 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. General employee plan members are eligible to retire with unreduced 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. General employee plan members are eligible to retire with reduced 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 and rescue squad workers). Disabled members may qualify for disability benefits at earlier ages. Survivor benefits are available to eligible beneficiaries of general employee plan 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 workers 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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members. The plan does not provide for automatic post-retirement benefit increases. Cost of living benefit increases are contingent upon investment gains of the plan at the discretion of the LGERS Board of Trustees, except as authorized by the General Assembly.

LGERS plan members who are LEOs are eligible to retire with unreduced 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 reduced retirement benefits at age 50 with 15 years of creditable service as an officer. LEOs who complete 25 years of creditable service with 15 years as an officer are eligible to retire with reduced retirement benefits. Survivor benefits are available to eligible beneficiaries of LEO members who die while in active service or within 180 days of their last day of service and who also have either

completed 20 years of creditable service regardless of age or have completed 15 years of service as a LEO and have reached age 50, or have completed five years of creditable service as a LEO and have reached age 55, or have completed 15 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 in lieu of the return of the member's contributions that is generally available to beneficiaries of deceased members.

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. The Town's employees are required to contribute 6% of their compensation. Employer contributions are actuarially determined and set annually by the LGERS Board of Trustees. The Town of Cornelius' contractually required contribution rate for the year ended June 30, 2025, was 16.10% of compensation for law enforcement officers and 14.35% for general employees and firefighters, actuarially determined as an amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year. Contributions to the pension plan from the Town of Cornelius were $1,512,341 for the year ended June 30, 2025.

Refunds of Contributions. County 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 include interest (currently 4% per year) regardless of the number of years of retirement service credit or for the reason for separation from service. State law requires a 60-day waiting period after service termination before the refund may be paid. The acceptance of a refund payment cancels the individual's right to employer contributions, or any other benefit provided by LGERS.

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

At June 30, 2025, the Town reported a liability of $7,673,749 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2024. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2023. The total pension liability was then rolled forward to the measurement date of June 30, 2024, utilizing update procedures incorporating the actuarial assumptions. The Town's proportion of the net pension liability was based on a projection of the Town's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2025, the Town's proportion was 0.11383% (measured as of June 30, 2024), which was a 0.01093% increase from its proportion as of June 30, 2024 (measured as of June 30, 2023).

For the year ended June 30, 2025, the Town recognized pension expense of $2,375,180. At June 30, 2025, 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	$ 1,344,731	$ 9,041
Net difference between projected and actual earnings on pension plan investments	1,043,242	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	354,543	44,451
Town contributions subsequent to the measurement date	1,512,341	-
Total	$ 4,254,857	$ 53,492

The $1,512,341 reported as deferred outflows of resources, related to pensions resulting from Town contributions subsequent to the measurement date, will be recognized as a decrease of the net pension liability in the year ending June 30, 2026. Other amounts reported as deferred inflows and outflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Total
2026	$ 829,648
2027	1,646,334
2028	331,003
2029	(117,961)
Total	$ 2,689,024

Actuarial Assumptions. The total pension liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement:

Inflation	2.5 percent
Salary increase	3.25 to 8.25 percent, including inflation and productivity factor
Investment rate of return	6.5 percent, net of pension plan investment expense, including inflation

The plan actuary currently uses mortality tables that vary by age, gender, employee group (i.e., general and 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. public plan population. The mortality rates also contain a provision to reflect future mortality improvements.

The actuarial assumptions and methods used in the December 31, 2023 actuarial valuation were based on the results of an actuarial experience study prepared as of December 31, 2019 and adopted by the Board of Trustees on January 28, 2021.

Future and ad hoc cost of living adjustment 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 returns 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, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed income	33.0%	2.4%
Global equity	38.0%	6.9%
Real estate	8.0%	6.0%
Alternatives	8.0%	8.6%
Opportunistic fixed income	7.0%	5.3%
Inflation sensitive	6.0%	4.3%
Total	100.0%	

The information above is based on 30-year expectations developed with an investment consulting firm. The long-term nominal rates of return underlying the real rates of return are arithmetic annual figures. The real rates of return are calculated from nominal rates by multiplicatively subtracting a long-term inflation assumption of 2.38%. Return projections do not include any excess return expectations over benchmark averages for public markets. All rates of return and inflation are annual amounts.

Discount Rate. The discount rate used to measure the total pension liability was 6.50%. This discount rate is in line with the long-term nominal expected return on pension plan investments. The calculation of the net pension liability is a present value calculation of the future net pension payments. These net pension payments assume that contributions from plan members will be made at the current statutory contribution rate and that contributions from employers will be made at the contractually required rates, actuarially determined. Based on those 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 benefits payments to determine the total pension liability.

Sensitivity of the Town's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate. The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 6.50%, as well as what the Town's proportionate share of the net pension asset or net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.50%) or one percentage point higher (7.50%) than the current rate:

	1% Decrease (5.50%)	Discount Rate (6.50%)	1% Decrease (7.50%)
Town's proportionate share of the net pension liability (asset)	$ 13,598,108	$ 7,673,749	$ 2,800,149

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

Law Enforcement Officers' Special Separation Allowance

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

All full-time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2023, the Separation Allowance's membership consisted of:

Retirees receiving benefits	3
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	64
Total	67

Summary of Significant Accounting Policies

Basis of Accounting. The Town has chosen to fund the Separation Allowance through contributions to the Town's Law Enforcement Officers' Special Separation Allowance (LEOSSA) Trust Fund. The assets were deposited after the measurement date of December 31, 2024. Contributions to the LEOSSA trust fund are made from the General Fund, which is maintained on the modified accrual basis of accounting. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. The Separation Allowance is reported as a fiduciary fund by the Town of Cornelius.

LEOSSA Financial Statements

As of June 30, 2025, the LEOSSA's Statement of Fiduciary Net Position was as follows:

Assets:	
Restricted assets:	
Investments:	
Cash and cash equivalents	
Fixed income	$ 727,664
Net Position:	
Net position restricted for defined benefit pensions	$ 727,664

For the fiscal year ended June 30, 2025, the LEOSSA's Statement of Changes in Fiduciary Net Position was as follows:

Additions:	
Investment income	$ 102,714
Change in net position	102,714
Net Position:	
Beginning of year - July 1	624,950
End of year - June 30	$ 727,664

Actuary Assumptions

The entry age normal actuarial cost method was used in the December 31, 2023 valuation. The total pension liability was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50%
Salary increase	3.25 to 7.75%, average, including inflation
Investment rate of return	4.28%, net of pension plan investment expense, including inflation
Mortality	The rates of mortality for the period after service retirement are according to the Pub-2010 amount-weighted Safety Mortality Table for Retirees, projected from 2010 using generational improvement with Scale MP-2019. Rates for all members are multiplied by 97% and set forward by 1 year.

The discount rate used to measure the total pension liability as of December 31, 2024 (measurement date) was 4.28%. Since the Separation Allowance assets are not invested, the discount rate used is equal to the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher. The index used for this purpose is the S&P Municipal Bond 20-Year High Grade Rate Index as of December 31, 2024.

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

The long-term expected rate of return on pension plan investments is assumed to be 4.28% annually. Since the Separation Allowance assets are not invested, the discount rate used is equal to the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating AA/Aa or higher. The index used for this purpose is the S&P Municipal Bond 20 Year High Grade Rate Index as of December 31, 2024.

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

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

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

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

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

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

Contributions

The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned through contributions to the LEOSSA trust through appropriations made in the General Fund operating budget. There were no contributions made by employees. The Town's obligation to contribute to this Plan is established and may be amended by the North Carolina General Assembly. Administration costs of the Separation Allowance are financed through investment earnings. The Town paid $50,917 as benefits came due for the reporting period.

Long-Term Expected Rate of Return

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

As of the most recent adoption of the current long-term rate of return by the Plan, the current asset allocation for each major asset class, as provided by the Plan, are summarized in the following table:

Asset Class	Target Allocation
Bond Index Fund	0.00%
Equity Index Fund	99.93%
Cash and cash equivalents	7.00%
Total	106.93%

In accepting the long-term expected return for the Plan, the actuary performed a high-level review of the information provided by the Plan. Our review indicates the long-term expected rate of return assumption of 4.28% is reasonable.

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

At June 30, 2025, the Town reported a total pension liability of $2,528,014. The total pension liability was measured as of December 31, 2024 based on a December 31, 2023 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2024, utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2025, the Town recognized pension expense of $154,873.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 203,493	$ 223,899
Changes of assumptions	267,892	305,613
Net difference between projected and actual earnings on plan investments	-	207,896
Town benefit payments made subsequent to the measurement date	39,213	-
Total	$ 510,598	$ 737,408

The Town paid $39,213 in benefit payments subsequent to the measurement date that are reported as deferred outflows of resources related to pension which will be recognized as a decrease of the total pension liability in the year ending June 30, 2026. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30	Amount
2026	$ (61,490)
2027	(67,305)
2028	(89,243)
2029	(65,299)
2030	20,586
Thereafter	(3,272)
Total	$ (266,023)

Sensitivity of the Town's Net Pension Liability to Changes in the Discount Rate. The following presents the Town's net pension liability calculated using the discount rate of 4.28 percent, as well as what the Town's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.28 percent) or 1 percentage point higher (5.28 percent) than the current rate:

	1% Decrease (3.28%)	Discount Rate (4.28%)	1% Increase (5.28%)
Net pension liability	$ 2,097,966	$ 1,867,902	$ 1,659,615

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

	Total Pension Liability	Plan Net Position	Net Pension Liability
Balance as of December 31, 2023	$ 2,373,552	$ 561,016	$ 1,812,536
Service cost	136,531	-	136,531
Interest on the total pension liability	93,924	-	93,924
Differences between expected and actual experience in the measurement of the total pension liability	37,078	-	37,078
Changes of assumptions or other inputs	(62,154)	-	(62,154)
Contributions - employer	-	50,917	(50,917)
Net investment income	-	99,096	(99,096)
Benefit payments	(50,917)	(50,917)	-
Balance as of December 31, 2024	$ 2,528,014	$ 660,112	$ 1,867,902
Plan net position as a percentage of total pension liability		26.11%	

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 4.00 percent at December 31, 2023 (measurement date) to 4.28 percent at December 31, 2024 (measurement date).

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

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an experience study completed by the Actuary for the Local Governmental Employees' Retirement System for the five-year period ending December 31, 2019.

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

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

	LGERS	LEOSSA	Total
Pension expense	$ 2,375,180	$ 154,873	$ 2,530,053
Pension liability	7,673,749	1,867,902	9,541,651
Proportionate share of the net pension liability	0.11383%	n/a	-
Deferred Outflows of Resources:			
Differences between expected and actual experience	$ 1,344,731	$ 203,493	$ 1,548,224
Changes of assumptions	-	267,892	267,892
Net difference between projected and actual earnings on plan investments	1,043,242	-	1,043,242
Changes in proportion and differences between Town contributions and proportionate share of contributions	354,543	-	354,543
Benefit payments and administrative costs paid subsequent to the measurement date	1,512,341	39,213	1,551,554
Total deferred outflows of resources	$ 4,254,857	$ 510,598	$ 4,765,455
Deferred Inflows of Resources:			
Differences between expected and actual experience	$ 9,041	$ 223,899	$ 232,940
Changes of assumptions	-	305,613	305,613
Net difference between projected and actual earnings on plan investments	-	207,896	207,896
Changes in proportion and differences between Town contributions and proportionate share of contributions	44,451	-	44,451
Total deferred inflows of resources	$ 53,492	$ 737,408	$ 790,900

Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town contributes to the Supplemental Retirement Income Plan (the "Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to law enforcement officers employed by the Town. Article 5 of G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. The Supplemental Retirement Income Plan for Law Enforcement Officers is included in the Annual Comprehensive Financial Report (ACFR) for the state of North Carolina. The state's ACFR includes the pension trust fund financial statements for the Internal Revenue Code Section

401(k) plan that includes the Supplemental Retirement Income Plan for Law Enforcement Officers. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454.

Funding Policy. Article 12 E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each officer's salary, and all amounts contributed are vested immediately. Also, the law enforcement officers may make voluntary contributions to the Plan. Contributions for the year ended June 30, 2025, were $380,020, which consisted of $230,075 from the Town and $149,945 from the law enforcement officers. No amounts were forfeited.

Supplemental Retirement Income Plan for Town Employees (Non-Law Enforcement Employees)

Plan Description. The Town contributes to the Supplemental Retirement Income Plan ("Plan"), a defined contribution pension plan administered by the Department of State Treasurer and a Board of Trustees. The Plan provides retirement benefits to all active full-time employees of the Town that are non-law enforcement officers. Article G.S. Chapter 135 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly.

Funding Policy. The Town's policy is to contribute an amount equal to five percent of each employee's salary, and all amounts contributed are vested immediately. The Town's employees may make voluntary contributions to the plan. Contributions for the year ended June 30, 2025 were $558,670, which consisted of $292,820 from the Town and $265,850 from the employees. Contribution requirements are established and may be amended by the Town Board of Commissioners.

Other Post-Employment Benefits

Healthcare Benefits

Plan Description

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

Plan Membership. Membership of the HCB Plan consisted of the following at June 30, 2024, the date of the latest actuarial valuation:

Retirees receiving benefits	13
Terminated plan members entitled to, but not yet receiving, benefits	-
Active plan members	139
Total	152

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

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

Per a Town resolution, the Town is required to contribute the projected pay-as-you-go financing requirements, with an additional amount to prefund benefits as determined annually by the Board. For the current year, the Town contributed $85,352. The Fund is accounted for as a trust fund. The HCB Plan is reported as a fiduciary fund by the Town of Cornelius.

OPEB Financial Statements

As of June 30, 2025, the OPEB's Statement of Fiduciary Net Position was as follows:

Assets:	
Restricted assets:	
Investments:	
Cash and cash equivalents	
Fixed income	$ 727,663
Net Position:	
Net position restricted for post-employment benefits other than pensions	$ 727,663

For the fiscal year ended June 30, 2025, the OPEB's Statement of Changes in Fiduciary Net Position was as follows:

Additions:	
Investment income	$ 102,714
Change in net position	102,714
Net Position:	
Beginning of year - July 1	624,949
End of year - June 30	$ 727,663

Investments

Investment Policy. The HCB Plan's policy in regard to the allocation of invested assets is established and may be amended by the Board by a majority vote of its members. It is the policy of the Board to pursue an investment strategy that reduces risk through the prudent diversification of the portfolio across a broad selection of distinct asset classes. The HCB Plan's discourages the use of cash equivalents, except for liquidity purposes, and aims to refrain from dramatically shifting asset class allocations over short time spans. Investments are valued at fair value. The following was the Board's adopted asset allocation policy and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2025:

Asset Class	Target Allocation	Long-Term Expected Real Rate
Bond Index Fund	0.00%	0.00%
Equity Index Fund	100.00%	6.80%
Cash and cash equivalents	0.00%	0.00%
Total	100.00%	

Rate of Return. For the year ended June 30, 2025, the annual money weighted rate of return on investments, net of investment expense, was 6.80 percent. The money-weighted rate of return expresses investment performance, net of investment expense, adjusted for the changing amounts actually invested.

The components of the net OPEB liability of the Town at June 30, 2025, were as follows:

Total OPEB liability	$ 1,976,556
Plan fiduciary net position	727,663
Net OPEB liability	$ 1,248,893
Plan fiduciary net position as a percentage of the total OPEB liability	36.81%

Actuarial Assumptions. The total OPEB liability was determined by actuarial valuations as of June 30, 2024, using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50 percent
Real wage growth	0.75 percent
Wage inflation	3.25 percent
Salary increases, including wage inflation	
General Employees	3.25 percent - 8.41 percent
Law Enforcement Officers	3.25 percent - 7.90 percent
Long-term investment rate of return, net of OPEB plan investment expense, including price inflation	6.80 percent
Municipal Bond Index Rate	
Prior Measurement Date	3.93 percent
Measurement Date	5.20 percent
Year fiduciary net position is projected to be depleted	
Prior Measurement Date	N/A
Measurement Date	N/A
Single equivalent interest rate, net of OPEB plan investment expense, including price inflation	
Prior Measurement Date	8.70 percent
Measurement Date	6.80 percent
Healthcare cost trend rates	
Pre-Medicare Medical and Prescription Drug	7.00% for 2024 decreasing to an ultimate rate of 4.50% by 2034

Total OPEB liabilities were rolled forward to June 30, 2025, utilizing update procedures incorporating the actuarial assumptions.

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

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

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

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

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

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

The demographic actuarial assumptions for retirement, disability incidence, withdrawal, and salary increase used in the June 30, 2024 valuation were based on the results of an actuarial experience study for the period January 1, 2015 through December 31, 2019, adopted by the LGERS Board.

The remaining actuarial assumptions (e.g., health care cost trends, rate of plan participation, rates of plan election, etc.) used in the June 30, 2024 valuation were based on a review of recent plan experience performed concurrently with the June 30, 2024 valuation.

Several factors should be considered in evaluating the long-term rate of return assumption, including long-term historical data, estimates inherent in current market data, and a log-normal distribution analysis in which best-estimate ranges of expected future real rates of return (expected return, net of investment expense and inflation) are developed by the investment consultant for each major asset class. These ranges should be combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the current asset allocation percentage and then adding expected inflation. The capital market assumptions developed by the investment consultant may cover a shorter investment horizon and may not be

useful in setting the long-term rate of return for funding OPEB plans which are likely to cover a longer timeframe. The assumption is intended to be a long-term assumption and is not expected to change absent a significant change in the asset allocation, a change in the inflation assumption, or a fundamental change in the market that alters expected returns in future years.

Discount Rate. The discount rate used to measure the total OPEB liability at June 30, 2025 was 6.80 percent which was a change from the discount rate of 8.70 percent at June 30, 2024. However, because the OPEB plan's fiduciary net position was not projected to be sufficient to make all future benefit payments, the discount rate incorporates a municipal bond rate which was 5.20 percent at June 30, 2025, per the S&P Municipal Bond 20-Year High Grade Rate Index. As of June 30, 2024, the S&P Municipal Bond 20-Year High Grade rate was 3.93 percent.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the Town at June 30, 2025, as well as what the Town's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.80 percent) or 1-percentage-point higher (7.80 percent) than the current discount rate:

	1% Decrease (5.80%)	Current Discount Rate (6.80%)	1% Increase (7.80%)
Net OPEB liability	$ 1,435,921	$ 1,248,893	$ 1,083,333

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents the net OPEB liability of the Plan at June 30, 2025, as well as what the Plan's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease	Current	1% Increase
Net OPEB liability	$ 1,114,284	$ 1,248,893	$ 1,409,523

Changes in Net OPEB Liability, OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. At June 30, 2025, the Town reported a net OPEB liability of $1,248,893. The total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of June 30, 2024. The total pension liability was then rolled forward to the measurement date of June 30, 2025, utilizing update procedures incorporating the actuarial assumptions.

At June 30, 2025, the components of the net OPEB liability of the Town were as follows:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balances at June 30, 2024	$ 1,480,259	$ 624,949	$ 855,310
Changes for the year:			
Service cost	41,285	-	41,285
Interest	125,147	-	125,147
Differences between expected and actual experience	72,867	-	72,867
Changes in assumptions or other inputs	342,350	-	342,350
Contributions - employer	-	85,352	(85,352)
Net investment income	-	102,714	(102,714)
Benefit payments	(85,352)	(85,352)	-
Net changes	496,297	102,714	393,583
Balances at June 30, 2025	$ 1,976,556	$ 727,663	$ 1,248,893

Changes of Assumptions. Changes of assumptions and other inputs reflect a change in the discount rate from 8.70 percent in 2024 to 6.80 percent in 2025, and change in the medical trend. The decremental and salary increase assumptions have been updated based on the most recent NCLGERS experience analysis.

For the year ended June 30, 2025, the Town recognized OPEB income of $38,139. At June 30, 2025, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 104,741	$ 506,836
Changes of assumptions	532,306	747,128
Net difference between projected and actual earnings on plan investments	-	92,811
Total	$ 637,047	$ 1,346,775

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

Year Ending June 30	Amount
2026	$ (151,056)
2027	(152,595)
2028	(141,336)
2029	(131,241)
2030	(125,634)
Thereafter	(7,866)
Total	$ (709,728)

Other Employment Benefits

Plan Description. The Town has elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, state-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death, are eligible for death benefits. Lump-sum death benefit payments to beneficiaries are equal to the employee's 12 highest months' salary in a row during the 24 months prior to the employee's death, but the benefit may not exceed $50,000 or be less than $25,000. Because all death benefit payments are made from the Death Benefit Plan and not by the Town, the Town does not determine the number of eligible participants. The Town has no liability beyond the payment of monthly contributions. The contributions to the Death Benefit Plan cannot be separated between the post-employment benefit amount and the other benefit amount. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the state. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers. The Town considers these contributions to be immaterial. The Town is not acting in a trustee capacity for resources of the Plan and the Plan does not meet the criteria prescribed by paragraph 3 in GASB Statement No. 67 to be reported as a pension trust fund of the Town.

Deferred Outflows and Inflows of Resources

Deferred outflows of resources are comprised of the following:

Source	Amount
Pension deferrals	$ 4,765,455
OPEB deferrals	637,047
Total	$ 5,402,502

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

	Statement of Net Position	General Fund Balance Sheet
Taxes receivable (General Fund)	$ -	$ 156,403
Unavailable revenues (General Fund)	-	1,054,961
Pension deferrals	790,900	-
OPEB deferrals	1,346,775	-
Total	$ 2,137,675	$ 1,211,364

Risk Management

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. At the end of FY 2025, the Town authorized a broker to negotiate insurance coverage for commercial general liability, and automobile liability with Travelers and workers compensation with Travelers. The coverage limits for general liability and auto liability coverage of $1 million per occurrence, property coverage up to the total insured values of the property policy, and workers' compensation coverage up to statutory limits. Health insurance coverage is also negotiated through a broker, and at the end of FY 2025, Aetna was the carrier for the Town's employee health care and Metlife was the carrier for vision and dental coverage.

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

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

In accordance with G.S. 159-29, the Town's employees that have access to the Town's funds at any given time are performance bonded through a commercial surety bond. The Town Manager is bonded for $50,000. The Finance Officer is individually bonded for $1,000,000. The remaining employees that have access to funds are bonded under a blanket bond for $5,000.

Long-Term Obligations

Leases

The Town has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

As of June 30, 2025, the Town of Cornelius had 3 active leases. The leases have payments that range from $0 to $26,872 and interest rates that range from 0.2450% to 2.9070%. As of June 30, 2025, the total combined value of the lease liability is $67,849, and the total combined value of the short-term lease liability is $31,309. The combined value of the right to use asset, as of June 30, 2025 is $143,768 with accumulated amortization of $75,321.

The future minimum lease obligations and the net present value of these minimum lease payments as of June 30, 2025, were as follows:

Year Ending June 30	Principal	Interest	Total
2026	$ 31,309	$ 753	$ 32,062
2027	31,788	275	32,063
2028	4,752	6	4,758
Total	$ 67,849	$ 1,034	$ 68,883

Subscriptions

The Town has entered into subscription-based information technology arrangements (SBITAs). The SBITAs qualify as other than short-term SBITAs under GASB 96 and, therefore, have been recorded at the present value of the future minimum subscription payments as of the date of their inception.

As of June 30, 2025, the Town of Cornelius had 2 active subscriptions. The subscriptions have payments of $3,995 and interest rates that range from 2.0380% to 2.3100%. As of June 30, 2025, the total combined value of the subscription liability is $0. The combined value of the right to use asset, as of June 30, 2025 is $11,717 with accumulated amortization of $8,656.

Direct Placement Installment Purchases

Governmental Activities

At June 30, 2025, the Town has the following direct placement installment purchase agreements outstanding:

Serviced by the Town's General Fund:		
A contract for a fire pumper truck issued December 2021, for $728,000; due in semi-annual installments of $75,305, including interest at 1.24% through December 2026	$	223,144
A contract for park land issued June 2019, for $657,000; due in semi-annual installments of $46,929, including interest at 2.97% through 2026.		93,858
A contract for a ladder truck issued May 2016, for $861,006; due in semi-annual installments of $43,050, including interest at 1.881% through May 2026		86,097
A contract for refunding the acquisition and installation of a synthetic turf field issued May 2021, for $646,000; due in semi-annual installments varying $35,000 - $73,000 plus interest at 0.9015% through April 2026		70,000
A contract for field lighting issued May 2021, for $692,000; due in semi-annual installments varying from $68,000 - $71,000 plus interest at 0.9015% through June 2026		141,000
A contract for construction and paving of 3 parking lots issued in July 2022, for $300,000; due in semi-annual installments of $50,000 plus interest at 2.86% through July 2025		50,000
A contract for public safety vehicles issued in June 2024, for $670,000; due in semi-annual installments of $121,191, including interest at 4.78% through June 2027		457,130
A contract for public safety vehicles and park lighting issued in January 2023, for $2,021,479; due in semi-annual installments varying from $185,000 - $220,000 plus interest at 3.84% through January 2028		1,213,113
A contract for public safety vehicles issued in June 2025, for $700,000; due in semi-annual installments of $127,799, including interest at 3.92% through June 2028		700,000
Total	$	3,034,342

Notes from direct placements related to governmental activities:

Amount	Collateral	Provision of Default
$ 50,000	Parking Lot Construction & Paving	The borrowing contains provisions that an event of default would result in (a) unpaid principal components of the installment payments would become immediately due and payable, (b) court action to enforce the Town's performance of the applicable covenants of the agreement, (c) escrow agent could be required to pay over any balance remaining in the Project Fund to be applied against outstanding required payments, (d) execution and foreclosure and recovery of attorney's fees and other expenses.
$ 1,213,113	Public Safety Vehicles & Park Lighting	The borrowing contains provisions that an event of default would result in (a) unpaid principal components of the installment payments would become immediately due and payable, (b) court action to enforce the Town's performance of the applicable covenants of the agreement, (c) escrow agent could be required to pay over any balance remaining in the Project Fund to be applied against outstanding required payments, (d) execution and foreclosure and recovery of attorney's fees and other expenses.
$ 93,858	Park Land	The borrowing contains provisions that an event of default would result in (a) unpaid principal components of the installment payments would become immediately due and payable, (b) court action to enforce the Town's performance of the applicable covenants of the agreement, (c) escrow agent could be required to pay over any balance remaining in the Project Fund to be applied against outstanding required payments, (d) execution and foreclosure and recovery of attorney's fees and other expenses.
$ 86,097	Ladder Truck	The borrowing contains provisions that an event of default would result in (a) unpaid principal components of the installment payments would become immediately due and payable, (b) take possession of equipment and sell or lease for the account of the Town, (c) court action to enforce the Town's performance of the applicable covenants of the agreement, (d) exercise all the rights and remedies of a secured party or creditor, (e) require Town to deliver the equipment and take possession of any proceeds.
$ 70,000	Installed Turf	The borrowing contains provisions that an event of default would result in (a) declare all installment payments payable by Town, (b) take possession of equipment and sell or lease for the account of the Town, (c) court action to enforce the Town's performance of the applicable covenants of the agreement, (d) exercise all the rights and remedies of a secured party or creditor, (e) require Town to deliver the equipment and take possession of any proceeds.

Amount	Collateral	Provision of Default
$ 223,144	Fire Pumper Truck	The borrowing contain provisions that an event of default would result in (a) unpaid principal components of the installment payments would become immediately due and payable, (b) court action to enforce the Town's performance of the applicable covenants of the agreement, (c) escrow agent could be required to pay over any balance remaining in the Project Fund to be applied against outstanding required payments, (d) execution and foreclosure and recovery of attorney's fees and other expenses.
$ 457,130	Vehicles	The borrowing contain provisions that an event of default would result in (a) unpaid principal components of the installment payments would become immediately due and payable, (b) court action to enforce the Town's performance of the applicable covenants of the agreement, (c) take possession of vehicles and sell or lease for the account of the Town, (d) pursue any of remedy available at law or equity to the lender.
$ 700,000	Vehicles	The borrowing contain provisions that an event of default would result in (a) unpaid principal components of the installment payments would become immediately due and payable, (b) court action to enforce the Town's performance of the applicable covenants of the agreement, (c) take possession of vehicles and sell or lease for the account of the Town, (d) pursue any of remedy available at law or equity to the lender.

The future minimum payments of all the direct placement installment purchases for the governmental activities as of June 30, 2025, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2026	$ 1,442,243	$ 94,159
2027	963,218	52,275
2028	628,881	17,830
Total	$ 3,034,342	$ 164,264

Business-Type Activities

A contract for an Electric Bucket Truck issued May 2021 for $250,000; due in semi-annual installments varying from $24,000 - $26,000, plus interest at 0.9015% through April 2026	$ 51,000

Notes from direct placements related to business-type activities:

Amount	Collateral	Provision of Default
$ 51,000	Bucket Truck	The borrowing contains provisions that an event of default would result in (a) declare all installment payments payable by Town, (b) take possession of equipment and sell or lease for the account of the Town, (c) court action to enforce the Town's performance of the applicable covenants of the agreement, (d) exercise all the rights and remedies of a secured party or creditor, (e) require Town to deliver the equipment and take possession of any proceeds.

The future minimum payments of the business-type activities direct placement installment purchases as of June 30, 2025, are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2026	$ 51,000	$ 343

General Obligation Indebtedness

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

Bonds payable at June 30, 2025 are comprised of the following:

General Obligation Bonds - Serviced by the General Fund:	
$9,685,000 2015 Streets and Sidewalks and Parks and Recreation serial bonds, payable in installments of $585,000, beginning June 1, 2016 through June 1, 2032, with interest varying from 2% to 3%, due twice a year on December 1 and June 1.	$ 4,095,000
$6,715,000 General Obligation Public Improvement Bonds, Series 2018, payable in installments varying from $300,000 to $350,000 beginning August 1, 2019 through August 1, 2028, with interest varying from 3% to 5% due twice a year on August 1 and February 1.	4,615,000
$7,645,000 General Obligation Public Improvement Bonds, Series 2022, payable in installments varying from $363,825 to $581,406 beginning August 1, 2022 through August 1, 2041, with interest varying from 2% to 5% due twice a year on August 1 and February 1.	6,310,000
Total general obligation debt	$ 15,020,000

The future payments of the general obligation bonds as of June 30, 2025 are as follows:

Year Ending June 30	Governmental Activities	
	Principal	Interest
2026	$ 1,380,000	$ 472,094
2027	1,380,000	420,059
2028	1,300,000	369,439
2029	1,300,000	320,234
2030	1,275,000	272,694
2031-2035	4,600,000	772,306
2036-2040	3,065,000	243,094
2041-2042	720,000	18,674
Total	$ 15,020,000	$ 2,888,594

Changes in Long-Term Liabilities

The following is a summary of changes in the Town's long-term obligations for the fiscal year ending June 30, 2025.

	July 1, 2024	Increases	Decreases	June 30, 2025	Current Portion
Governmental Activities:					
Direct placement installment purchases	$ 3,934,559	$ 700,000	$ (1,600,217)	$ 3,034,342	$ 1,442,243
General obligation bonds	16,400,000	-	(1,380,000)	15,020,000	1,380,000
Premium on bonds	1,238,103	-	(84,576)	1,153,527	84,576
Lease liabilities	82,787	15,084	(30,022)	67,849	31,309
Subscription liabilities	3,905	-	(3,905)	-	-
Net OPEB liability	855,310	393,583	-	1,248,893	-
Net pension liability (LGERS)	6,815,355	858,394	-	7,673,749	-
Net pension liability (LEOSSA)	1,812,536	55,366	-	1,867,902	-
Compensated absences*	2,692,300	189,392	-	2,881,692	983,749
Governmental activities long-term liabilities	$ 33,834,855	$ 2,211,819	$ (3,098,720)	$ 32,947,954	$ 3,921,877

*The change in compensated absences above is a net change for the year.

At June 30, 2025, the Town had a legal debt margin of approximately $938,676,000.

Net pension liabilities and other post-employment benefits for governmental activities have typically been liquidated in the General Fund.

The following is a summary of changes in the Town’s business-type activities long-term debt:

	July 1, 2024	Increases	Decreases	June 30, 2025	Current Portion
Direct placement installment purchases	$ 101,000	$ -	$ (50,000)	$ 51,000	$ 51,000

Interfund Balances and Activities

Balances Due To/From Other Funds

Balances due to/from other funds at June 30, 2025, consist of the following:

From	To	Amount	Purpose
Electric Fund	General Fund	$ 630,239	Time lag between the dates that payments between funds are made
General Fund	Parks Bond Capital Project Fund	233,413	Time lag between the dates that payments between funds are made
General Fund	Streets Bond Capital Project Fund	458,451	Time lag between the dates that payments between funds are made
General Fund	Town Center Redevelopment Bonds Fund		Time lag between the dates that payments between funds are made
		27,579	
Total		$ 1,349,682	

Transfers To/From Other Funds

Transfers during the year ended June 30, 2025 consist of the following:

From	To	Amount
General Fund	Infrastructure Capital Project Fund	$ 1,148,821
General Fund	Willow Pond Stream Restoration and Other Stream Restoration Projects Fund	296,180
General Fund	Smithville Town Infrastructure Project	1,000,000
General Fund	Bailey Road Park Tennis and Pickleball Complex Fund	250,000
ARPA Fund	Infrastructure Capital Project Fund	1,237,086
Capital Reserve Fund	Infrastructure Capital Project Fund	11,335,980
Electric Fund	Electric Utility Substation Project	2,112,500
Total		$ 17,380,567

The transfer to the Infrastructure Capital Project Fund from the General Fund is for the 1.5 cent tax increase from 2017 to fund future roads.

The transfers to the Willow Pond Stream Restoration and Other Stream Restoration Projects Fund, the Smithville Town Infrastructure Project, the Bailey Road Park Tennis and Pickleball Complex Project, and the Electric Utility Substation Project are for the Town's contributions to the projects.

3. Jointly Governed Organizations

The Town is a member of the North Carolina Municipal Power Agency Number 1 (Electric Agency). The Electric Agency was formed to enable municipalities that own electric distribution systems to finance, construct, own, operate, and maintain generation and transmission facilities. Each participating government appoints one commissioner to the Agency's governing board. The twenty-one members who receive power from the Electric Agency have signed power sales agreements to purchase a specified share of the power generated by the Electric Agency. Except for the power sales purchase requirements, no local government participant has any obligation, entitlement, or residual interest. The Town's purchases of power for the fiscal year ended June 30, 2025 were $3,872,349.

The Town has an agreement with the Town of Huntersville and ElectriCities that provides for ElectriCities to operate and maintain the electric system of each Town, including managing the resources and expenditures of each Town's electric system, planning, technical assistance, and inventory management. During the year ended June 30, 2025, the Town paid ElectriCities $942,983 for salaries and wages, employee benefits, and other related costs.

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

4. Interlocal Agreements

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

5. Summary Disclosure of Significant Commitments and Contingencies

Federal and State-Assisted Programs

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

6. Adjustments and Restatements of Beginning Balances

The American Recovery Plan Act Fund and the Capital Reserve Fund were previously presented as major funds. For the fiscal year ended June 30, 2025, they are considered nonmajor governmental funds.

During the current year, the Town implemented GASB Statement No. 101, *Compensated Absences*. In addition to the value of unused vacation time owed to employees upon separation of employment, the Town now recognizes an estimated amount of sick leave earned as of year-end that will be used by employees as time off in future years as part of the liability for compensated absences. The effects of the change in accounting principle are summarized below in the Restatement -GASB 101 implementation column in the table below.

	Reporting Units Affected by Adjustments to and Restatements of Beginning Balances			
	Funds			Government-Wide
	American Recovery Plan Act Fund	Capital Reserve Fund	Nonmajor Governmental Funds	Governmental Activities
June 30, 2024, as previously reported	$ 899,603	$ 11,335,980	$ 13,059,047	$ 122,231,228
Change from major to nonmajor fund	(899,603)	(11,335,980)	12,235,583	-
Change in accounting principle (GASB 101)	-	-	-	(1,416,935)
June 30, 2024 as adjusted or restated	$ -	$ -	$ 25,294,630	$ 120,814,293


CORNELIUS
INC.
1905
NORTH CAROLINA

REQUIRED SUPPLEMENTARY FINANCIAL DATA

TOWN OF CORNELIUS, NORTH CAROLINA

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

	2025	2024	2023	2022
Total Pension Liability:				
Service cost	$ 136,531	$ 115,973	$ 149,525	$ 169,054
Interest on the total pension liability	93,924	85,758	56,282	43,740
Differences between expected and actual experience	37,078	158,508	(267,967)	139,364
Changes of assumptions or other inputs	(62,154)	59,476	(393,105)	(76,065)
Benefit payments	(50,917)	(71,828)	(40,949)	(41,106)
Net change in total pension liability	154,462	347,887	(496,214)	234,987
Total pension liability - beginning	2,373,552	2,025,665	2,521,879	2,286,892
Total pension liability - ending	2,528,014	2,373,552	2,025,665	2,521,879
Plan Net Position:				
Contributions - employer	50,917	71,828	40,949	41,106
Net investment income	99,096	102,930	248,210	381
Benefit payments	(50,917)	(71,828)	(40,949)	(41,106)
Administrative expense	-	-	-	-
Net change in plan net position	99,096	102,930	248,210	381
Plan net position - beginning	561,016	458,086	209,876	209,495
Plan net position - ending	660,112	561,016	458,086	209,876
Net pension liability - ending	$ 1,867,902	$ 1,812,536	$ 1,567,579	$ 2,312,003

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

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

TOWN OF CORNELIUS, NORTH CAROLINA

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

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

TOWN OF CORNELIUS, NORTH CAROLINA

SCHEDULE OF NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST NINE FISCAL YEARS

	2025	2024	2023	2022
Total pension liability	$ 2,528,014	$ 2,373,552	$ 2,025,665	$ 2,521,879
Plan net position	660,112	561,016	458,086	209,876
Net pension liability	$ 1,867,902	$ 1,812,536	$ 1,567,579	$ 2,312,003
Ratio of plan net position to total pension liability	26.11%	23.64%	22.61%	8.32%
Covered payroll	$ 4,549,113	$ 4,158,502	$ 3,570,349	$ 3,732,209
Net pension liability as a percentage of covered payroll	41.06%	43.59%	43.91%	61.95%

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

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

TOWN OF CORNELIUS, NORTH CAROLINA

SCHEDULE OF NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST NINE FISCAL YEARS

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

TOWN OF CORNELIUS, NORTH CAROLINA

SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST EIGHT FISCAL YEARS

	2025	2024	2023	2022
Actuarially determined employer contribution	$ 379,649	$ 407,044	$ 417,906	$ 235,853
Actual employer contributions	-	-	-	-
Annual contribution deficiency (excess)	$ 379,649	$ 407,044	$ 417,906	$ 235,853
Covered payroll	$ 4,666,322	$ 4,602,613	$ 4,271,170	$ 3,485,306
Actual contributions as a percentage of covered payroll	0.00%	0.00%	0.00%	0.00%

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

TOWN OF CORNELIUS, NORTH CAROLINA

SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
LAST EIGHT FISCAL YEARS

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

TOWN OF CORNELIUS, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS

	2025	2024	2023	2022
Total OPEB Liability:				
Service cost	$ 41,285	$ 43,444	$ 144,977	$ 161,065
Interest	125,147	116,616	70,304	54,492
Differences between expected and actual experience	72,867	8,684	(320,807)	22,715
Changes of assumptions	342,350	(49,724)	(878,224)	(179,323)
Benefit payments	(85,352)	(85,843)	(106,042)	(89,198)
Net change in total OPEB liability	496,297	33,177	(1,089,792)	(30,249)
Total OPEB liability - beginning	1,480,259	1,447,082	2,536,874	2,567,123
Total OPEB liability - ending	$ 1,976,556	$ 1,480,259	$ 1,447,082	$ 2,536,874
Plan Fiduciary Net Position:				
Contributions - employer	$ 85,352	$ 85,843	$ 106,042	$ 339,198
Net investment income	102,714	102,424	62,112	665
Benefit payments	(85,352)	(85,843)	(106,042)	(89,198)
Net change in plan fiduciary net position	102,714	102,424	62,112	250,665
Plan fiduciary net position - beginning	624,949	522,525	460,413	209,748
Plan fiduciary net position - ending	727,663	624,949	522,525	460,413
Net OPEB liability - ending	$ 1,248,893	$ 855,310	$ 924,557	$ 2,076,461
Plan fiduciary net position as a percentage of the total OPEB liability	36.81%	42.22%	36.11%	18.15%
Covered payroll	$ 9,100,946	$ 6,722,041	$ 6,722,041	$ 6,248,903
Net OPEB liability as a percentage of covered payroll	13.72%	12.72%	13.75%	33.23%

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

TOWN OF CORNELIUS, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN NET OPEB LIABILITY AND RELATED RATIOS
LAST NINE FISCAL YEARS

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

TOWN OF CORNELIUS, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST NINE FISCAL YEARS

	2025	2024	2023	2022
Actuarially determined contribution	$ 118,233	$ 118,233	$ 245,893	$ 245,893
Contributions in relation to the actuarially determined contribution	85,352	85,843	106,042	339,198
Contribution deficiency (excess)	$ 32,881	$ 32,390	$ 139,851	$ (93,305)
Covered payroll	$ 9,100,946	$ 6,722,041	$ 6,722,041	$ 6,248,903
Actual contribution as a percentage of covered payroll	0.94%	1.28%	1.58%	5.43%

Notes to Schedule:

Valuation date: June 30, 2024

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

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age normal
Amortization method	Level dollar
Amortization period	24 years, closed
Asset valuation method	Market value of assets
Inflation	2.50%
Real wage growth	0.75%
Wage inflation	3.25%
Salary increases, including wage inflation:	
General employees	3.25% - 8.41%
Law enforcement officers	3.25% - 7.90%
Long-term investment rate of return, net of OPEB:	
plan investment expense, including price inflation	6.80%
Healthcare cost trends:	
Pre-Medicare Medical and Prescription Drug	7.00% for 2024 decreasing to an ultimate rate of 4.50% by 2034

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

TOWN OF CORNELIUS, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF EMPLOYER CONTRIBUTIONS
LAST NINE FISCAL YEARS

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

TOWN OF CORNELIUS, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF INVESTMENT RETURNS
LAST EIGHT FISCAL YEARS

	2025	2024	2023	2022
Annual money-weighted rate of return, net of investment expense	6.80%	8.70%	8.30%	2.50%

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

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

TOWN OF CORNELIUS, NORTH CAROLINA

OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF INVESTMENT RETURNS
LAST EIGHT FISCAL YEARS

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

TOWN OF CORNELIUS, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2025	2024	2023	2022	2021
Town of Cornelius' proportion of the net pension liability (asset) (%)	0.11383%	0.10290%	0.09871%	0.10357%	0.10357%
Town of Cornelius' proportion of the net pension liability (asset) ($)	$ 7,673,749	$ 6,815,355	$ 5,568,654	$ 1,588,345	$ 3,700,997
Town of Cornelius' covered payroll	$ 9,675,352	$ 8,443,032	$ 6,862,892	$ 6,724,394	$ 6,448,215
Town of Cornelius' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	79.31%	80.72%	81.14%	23.62%	57.40%
Plan fiduciary net position as a percentage of the net pension liability**	83.30%	82.49%	84.14%	95.51%	88.61%

*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 CORNELIUS, NORTH CAROLINA

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

	Local Governmental Employees' Retirement System				
	2020	**2019**	**2018**	**2017**	**2016**
Town of Cornelius' proportion of the net pension liability (asset) (%)	0.09691%	0.10420%	0.10062%	0.10258%	0.10266%
Town of Cornelius' proportion of the net pension liability (asset) ($)	$ 2,646,537	$ 2,471,980	$ 1,537,195	$ 2,177,091	$ 460,732
Town of Cornelius' covered payroll	$ 5,890,617	$ 5,798,287	$ 5,522,682	$ 5,407,566	$ 5,107,670
Town of Cornelius' proportionate share of the net pension liability (asset) as a percentage of its covered payroll	44.93%	42.63%	27.83%	40.26%	9.02%
Plan fiduciary net position as a percentage of the net pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%

TOWN OF CORNELIUS, NORTH CAROLINA

TOWN OF CORNELIUS' CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

Local Governmental Employees' Retirement System

	2025	2024	2023	2022	2021
Contractually required contribution	$ 1,512,341	$ 1,297,930	$ 1,061,622	$ 802,866	$ 707,019
Contributions in relation to the contractually required contribution	1,512,341	1,297,930	1,061,622	802,866	707,019
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Town of Cornelius' covered payroll	$ 10,641,109	$ 9,675,352	$ 8,443,032	$ 6,862,892	$ 6,724,394
Contributions as a percentage of covered payroll	14.21%	13.41%	12.57%	11.70%	10.51%

TOWN OF CORNELIUS, NORTH CAROLINA

TOWN OF CORNELIUS' CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST TEN FISCAL YEARS

	Local Governmental Employees' Retirement System				
	2020	2019	2018	2017	2016
Contractually required contribution	$ 602,205	$ 477,255	$ 452,098	$ 423,145	$ 374,264
Contributions in relation to the contractually required contribution	602,205	477,255	452,098	423,145	374,264
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -
Town of Cornelius' covered payroll	$ 6,448,215	$ 5,890,617	$ 5,798,287	$ 5,522,682	$ 5,407,566
Contributions as a percentage of covered payroll	9.34%	8.10%	7.80%	7.66%	6.92%


CORNELIUS
INC.
1905
NORTH CAROLINA

SUPPLEMENTARY FINANCIAL DATA

TOWN OF CORNELIUS, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	2025		
	Budget	Actual	Variance Over/Under
Revenues:			
Ad Valorem Taxes:			
Taxes		$ 20,640,606	
Penalties and interest		76,522	
Total	$ 20,384,226	20,717,128	$ 332,902
Other Taxes and Licenses:			
Gross receipts - rental vehicles		88,251	
Occupancy taxes		266,572	
Transportation tax		251,954	
Total	522,245	606,777	84,532
Unrestricted Intergovernmental:			
Local option sales tax		7,076,959	
Utility franchise tax		2,225,878	
Food and beverage tax		985,594	
Beer and wine tax		126,797	
ABC profit distribution		214,868	
Stormwater fees		969,737	
Total	10,355,909	11,599,833	1,243,924
Restricted Intergovernmental:			
Powell Bill allocation		1,042,338	
Solid waste disposal tax		24,615	
Controlled substance tax		2,904	
Local grant		2,669	
Public safety		58,544	
State grants		3,000,000	
Local contribution		674,874	
Total	4,689,000	4,805,944	116,944
Permits and Fees:			
Dispatch center fees		106,925	
Planning/zoning fees		43,936	
Animal fees		8,296	
Total	128,800	159,157	30,357

TOWN OF CORNELIUS, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	2025		
	Budget	Actual	Variance Over/Under
Sales and Services:			
Town Hall room rental		5,318	
Recreation program revenues		996,137	
Total	825,300	1,001,455	176,155
Investment Earnings	860,000	2,149,911	1,289,911
Miscellaneous:			
Donations		139,491	
Miscellaneous		275,265	
Total	150,373	414,756	264,383
Total revenues	37,915,853	41,454,961	3,539,108
Expenditures:			
General Government:			
Governing Board:			
Salaries and employee benefits		68,216	
Operating expenses		23,586	
Total	132,983	91,802	41,181
Administration:			
Salaries and employee benefits		1,866,863	
Professional services		136,995	
Capital outlay		229,086	
Operating expenditures		648,176	
Total	3,073,180	2,881,120	192,060
General Services:			
Professional services		406,595	
Other operating expenditures		75,000	
Total	879,775	481,595	398,180
Total general government	4,085,938	3,454,517	631,421

TOWN OF CORNELIUS, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	2025		
	Budget	Actual	Variance Over/Under
Public Safety:			
Police:			
Salaries and employee benefits		7,235,468	
Operating expenditures		1,470,098	
Professional services		297,742	
Capital outlay		932,885	
Total	11,530,986	9,936,193	1,594,793
Communication Center:			
Salaries and employee benefits		1,003,487	
Professional services		28,919	
Other operating expenditures		74,077	
Total	1,123,649	1,106,483	17,166
Fire:			
Salaries and employee benefits		1,779,897	
Professional services		13,783	
Capital outlay		894,910	
Other operating expenditures		356,788	
Donation to volunteer fire departments		1,899,420	
Total	5,131,893	4,944,798	187,095
Animal Control:			
Salaries and employee benefits		181,306	
Capital outlay		24,759	
Other operating expenses		58,959	
Total	322,672	265,024	57,648
Total public safety	18,109,200	16,252,498	1,856,702
Transportation:			
Streets and Highways:			
Salaries and employee benefits		497,786	
Operating expenses		538,577	
Capital outlay		1,719,007	
Contracted services		231,924	
Total	3,080,550	2,987,294	93,256

TOWN OF CORNELIUS, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	2025		
	Budget	Actual	Variance Over/Under
Powell Bill - Streets:			
Professional services		300,097	
Operating expenditures		225	
Capital outlay		240,000	
Total	543,000	540,322	2,678
Total transportation	3,623,550	3,527,616	95,934
Environmental Protection:			
Solid Waste:			
Contracted services		2,452,601	
Total	2,477,384	2,452,601	24,783
Stormwater:			
Salaries and employee benefits		288,901	
Contracted services		343,313	
Operating expenses		1,505	
Capital outlay		303,820	
Total	1,018,674	937,539	81,135
Total environmental protection	3,496,058	3,390,140	105,918
Economic and Physical Development:			
Community Planning:			
Salaries and employee benefits		607,734	
Professional services		200,305	
Operating expenses		32,929	
Total	1,003,264	840,968	162,296
Tourism and Economic Development:			
Professional services		193,438	
Economic support		331,133	
Other operating expenditures		61	
Total	568,052	524,632	43,420
Total economic and physical development	1,571,316	1,365,600	205,716

TOWN OF CORNELIUS, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	2025		
	Budget	Actual	Variance Over/Under
Cultural and Recreation:			
Salaries and employee benefits		1,541,396	
Contracted services		949,548	
Capital outlay		619,375	
Operating expenses		825,303	
Total cultural and recreation	4,199,299	3,935,622	263,677
Debt Service:			
Principal retirement		3,014,144	
Interest and other charges		609,970	
Total debt service	3,769,066	3,624,114	144,952
Total expenditures	38,854,427	35,550,107	3,304,320
Revenues over (under) expenditures	(938,574)	5,904,854	6,843,428
Other Financing Sources (Uses):			
Long-term debt issued	705,000	700,000	(5,000)
Lease liabilities issued	-	15,084	15,084
Transfers to other funds	(5,965,001)	(2,695,001)	3,270,000
Appropriated fund balance	6,198,575	-	(6,198,575)
Total other financing sources (uses)	938,574	(1,979,917)	(2,918,491)
Net change in fund balance	$ -	3,924,937	$ 3,924,937
Fund Balance:			
Beginning of year - July 1		41,758,769	
End of year - June 30		$ 45,683,706	

TOWN OF CORNELIUS, NORTH CAROLINA

MAJOR CAPITAL PROJECT FUND - INFRASTRUCTURE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	$ -	$ -	$ 622,744	$ 622,744	$ 622,744
Expenditures:					
Capital outlay	12,573,066	-	3,168,000	3,168,000	9,405,066
Revenues over (under) expenditures	(12,573,066)	-	(2,545,256)	(2,545,256)	10,027,810
Other Financing Sources (Uses):					
Transfer from General Fund	-	-	1,148,821	1,148,821	1,148,821
Transfer from American Recovery Plan Act Fund	1,237,086	-	1,237,086	1,237,086	-
Transfer from Capital Reserve Fund	11,335,980	-	11,335,980	11,335,980	-
Total other financing sources (uses)	12,573,066	-	13,721,887	13,721,887	1,148,821
Net change in fund balance	$ -	$ -	11,176,631	$ 11,176,631	$ 11,176,631
Fund Balance:					
Beginning of year - July 1			-		
End of year - June 30			$ 11,176,631		

TOWN OF CORNELIUS, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	Special Revenue Fund	Capital Project Funds					
	Emergency Telephone System Fund	American Recovery Plan Act Fund	Parks Bond Capital Project Fund	Streets Bond Capital Project Fund	2018 Series Streets Bond Capital Project Fund	Diverging Diamond Interchange	Town Center Infrastructure Project Fund
Assets:							
Cash and cash equivalents	$ 434,800	$ -	$ -	$ -	$ 688,098	$ 182,137	$ 3,396,336
Accounts receivable	-	-	-	-	-	-	-
Due from other governments	2,258	-	44	3	-	8	-
Due from other funds	-	-	233,413	458,451	-	-	-
Restricted cash and cash equivalents	-	-	-	-	-	-	-
Total assets	$ 437,058	$ -	$ 233,457	$ 458,454	$ 688,098	$ 182,145	$ 3,396,336
Liabilities and Fund Balances:							
Liabilities:							
Accounts payable and accrued liabilities	$ 3,175	$ -	$ -	$ -	$ -	$ -	$ -
Fund Balances:							
Restricted:							
Stabilization by state statute	2,258	-	-	-	-	-	-
Restricted for public safety	121,501	-	-	-	-	-	-
Restricted for cultural and recreational	-	-	-	-	-	-	-
Committed:							
General government	-	-	-	-	-	-	-
Environmental protection	-	-	-	-	-	-	-
Culture and recreation	-	-	233,457	-	-	-	3,396,336
Transportation	-	-	-	458,454	688,098	182,145	-
Assigned for subsequent year's expenditures	310,124	-	-	-	-	-	-
Total fund balances	433,883	-	233,457	458,454	688,098	182,145	3,396,336
Total liabilities and fund balances	$ 437,058	$ -	$ 233,457	$ 458,454	$ 688,098	$ 182,145	$ 3,396,336

TOWN OF CORNELIUS, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
JUNE 30, 2025

	Capital Project Funds							
	Town Center Redevelopment Bonds Fund	2018 Series Parks Bond Capital Project Fund	Willow Pond Stream Restoration and Other Stream Restoration Projects Fund	Smithville Town Infrastructure Project Fund	2022 Series Streets Bond Capital Project Fund	Bailey Road Park Tennis and Pickleball Complex Capital Project Fund	Capital Reserve Fund	Total
Assets:								
Cash and cash equivalents	$ -	$ 698,508	$ 381,456	$ 4,100,925	$ 337,372	$ 855,980	$ -	$ 11,075,612
Accounts receivable	-	-	20,895	-	-	-	-	20,895
Due from other governments	-	-	6,636	-	-	24,670	-	33,619
Due from other funds	27,579	-	-	-	-	-	-	719,443
Restricted cash and cash equivalents	-	688,082	-	-	-	-	-	688,082
Total assets	$ 27,579	$ 1,386,590	$ 408,987	$ 4,100,925	$ 337,372	$ 880,650	$ -	$ 12,537,651
Liabilities and Fund Balances:								
Liabilities:								
Accounts payable and accrued liabilities	$ -	$ 5,875	$ 29,572	$ 27,593	$ -	$ 99,318	$ -	$ 165,533
Fund Balances:								
Restricted:								
Stabilization by state statute	-	-	-	-	-	-	-	2,258
Restricted for public safety	-	-	-	-	-	-	-	121,501
Restricted for cultural and recreational	-	688,082	-	-	-	-	-	688,082
Committed:								
General government	27,579	-	-	-	-	-	-	27,579
Environmental protection	-	-	379,415	-	-	-	-	379,415
Culture and recreation	-	692,633	-	-	-	781,332	-	5,103,758
Transportation	-	-	-	4,073,332	337,372	-	-	5,739,401
Assigned for subsequent year's expenditures	-	-	-	-	-	-	-	310,124
Total fund balances	27,579	1,380,715	379,415	4,073,332	337,372	781,332	-	12,372,118
Total liabilities and fund balances	$ 27,579	$ 1,386,590	$ 408,987	$ 4,100,925	$ 337,372	$ 880,650	$ -	$ 12,537,651

TOWN OF CORNELIUS, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Fund	Capital Project Funds					
	Emergency Telephone System Fund	American Recovery Plan Act Fund	Parks Bond Capital Project Fund	Streets Bond Capital Project Fund	2018 Series Streets Bond Capital Project Fund	Diverging Diamond Interchange	Town Center Infrastructure Project Fund
Revenues:							
Miscellaneous	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Investment earnings	2,614	337,483	-	-	99,500	-	28,966
Total revenues	2,614	337,483	-	-	99,500	-	28,966
Expenditures:							
Public safety	54,768	-	-	-	-	-	-
Transportation	-	-	-	-	63,125	5,100	-
Environmental protection	-	-	-	-	-	-	-
Cultural and recreation	-	-	-	-	-	-	-
Total expenditures	54,768	-	-	-	63,125	5,100	-
Revenues over (under) expenditures	(52,154)	337,483	-	-	36,375	(5,100)	28,966
Other Financing Sources (Uses):							
Transfers out	-	(1,237,086)	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(1,237,086)	-	-	-	-	-
Net change in fund balances	(52,154)	(899,603)	-	-	36,375	(5,100)	28,966
Fund Balances:							
Beginning of year - July 1, as previously presented	486,037	-	233,457	458,454	651,723	187,245	3,367,370
Change within financial reporting entity (major to nonmajor fund)	-	899,603	-	-	-	-	-
Beginning of year - July 1, as adjusted or restated	486,037	899,603	233,457	458,454	651,723	187,245	3,367,370
End of year - June 30	$ 433,883	$ -	$ 233,457	$ 458,454	$ 688,098	$ 182,145	$ 3,396,336

TOWN OF CORNELIUS, NORTH CAROLINA

NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED JUNE 30, 2025

	Capital Project Funds							
	Town Center Redevelopment Bonds Fund	2018 Series Parks Bond Capital Project Fund	Willow Pond Stream Restoration and Other Stream Restoration Projects Fund	Smithville Town Infrastructure Project Fund	2022 Series Streets Bond Capital Project Fund	Bailey Road Park Tennis and Pickleball Complex Capital Project Fund	Capital Reserve Fund	Total
Revenues:								
Miscellaneous	$ -	$ -	$ -	$ -	$ -	$ 15,000	$ -	$ 15,000
Investment earnings	-	-	-	-	32,813	-	-	501,376
Total revenues	-	-	-	-	32,813	15,000	-	516,376
Expenditures:								
Public safety	-	-	-	-	-	-	-	54,768
Transportation	-	-	-	-	-	-	-	68,225
Environmental protection	-	-	379,726	137,211	-	-	-	516,937
Cultural and recreation	-	16,558	-	-	-	1,755,514	-	1,772,072
Total expenditures	-	16,558	379,726	137,211	-	1,755,514	-	2,412,002
Revenues over (under) expenditures	-	(16,558)	(379,726)	(137,211)	32,813	(1,740,514)	-	(1,895,626)
Other Financing Sources (Uses):								
Transfers out	-	-	-	-	-	-	(11,335,980)	(12,573,066)
Transfers in	-	-	296,180	1,000,000	-	250,000	-	1,546,180
Total other financing sources (uses)	-	-	296,180	1,000,000	-	250,000	(11,335,980)	(11,026,886)
Net change in fund balances	-	(16,558)	(83,546)	862,789	32,813	(1,490,514)	(11,335,980)	(12,922,512)
Fund Balances:								
Beginning of year - July 1, as previously presented	27,579	1,397,273	462,961	3,210,543	304,559	2,271,846	-	13,059,047
Change within financial reporting entity (major to nonmajor fund)	-	-	-	-	-	-	11,335,980	12,235,583
Beginning of year - July 1, as adjusted or restated	27,579	1,397,273	462,961	3,210,543	304,559	2,271,846	11,335,980	25,294,630
End of year - June 30	$ 27,579	$ 1,380,715	$ 379,415	$ 4,073,332	$ 337,372	$ 781,332	$ -	$ 12,372,118

TOWN OF CORNELIUS, NORTH CAROLINA

SPECIAL REVENUE FUND - EMERGENCY TELEPHONE SYSTEM
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Over/Under
Revenues:			
Restricted intergovernmental	$ 114,275	$ -	$ (114,275)
Investment earnings	2,000	2,614	614
Total revenues	116,275	2,614	(113,661)
Expenditures:			
Public safety	239,613	54,768	184,845
Revenues over (under) expenditures	(123,338)	(52,154)	71,184
Other Financing Sources (Uses):			
Appropriated fund balance	123,338	-	(123,338)
Net change in fund balance	$ -	(52,154)	$ (52,154)
Fund Balance:			
Beginning of year - July 1		486,037	
End of year - June 30		$ 433,883	

TOWN OF CORNELIUS, NORTH CAROLINA

SPECIAL REVENUE FUND - AMERICAN RECOVERY PLAN ACT FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental:					
Federal grant revenues	$ 9,642,828	$ 9,642,828	$ -	$ 9,642,828	$ -
Investment earnings	-	899,603	337,483	1,237,086	1,237,086
Total revenues	9,642,828	10,542,431	337,483	10,879,914	1,237,086
Revenues over (under) expenditures	9,642,828	10,542,431	337,483	10,879,914	1,237,086
Other Financing Sources (Uses):					
Transfer to other fund	(9,642,828)	(9,642,828)	(1,237,086)	(10,879,914)	(1,237,086)
Net change in fund balance	$ -	$ 899,603	(899,603)	$ -	$ -
Fund Balance:					
Beginning of year - July 1			899,603		
End of year - June 30			$ -		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - PARKS BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	$ 2,000	$ 118,890	$ -	$ 118,890	$ 116,890
Restricted intergovernmental	4,053,566	3,965,217	-	3,965,217	(88,349)
Total revenues	4,055,566	4,084,107	-	4,084,107	28,541
Expenditures:					
Professional services	917,372	919,634	-	919,634	(2,262)
Capital outlay	7,421,828	7,248,940	-	7,248,940	172,888
Total expenditures	8,339,200	8,168,574	-	8,168,574	170,626
Revenues over (under) expenditures	(4,283,634)	(4,084,467)	-	(4,084,467)	199,167
Other Financing Sources (Uses):					
Transfer from General Fund	83,634	-	-	-	(83,634)
Bond premium	117,924	117,924	-	117,924	-
Proceeds from bond issuance	4,082,076	4,200,000	-	4,200,000	117,924
Total other financing sources (uses)	4,283,634	4,317,924	-	4,317,924	34,290
Net change in fund balance	$ -	$ 233,457	-	$ 233,457	$ 233,457
Fund Balance:					
Beginning of year - July 1			233,457		
End of year - June 30			$ 233,457		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - STREETS BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	$ 3,000	$ 305,137	$ -	$ 305,137	$ 302,137
Expenditures:					
Professional services	790,436	790,436	-	790,436	-
Capital outlay	4,697,564	4,697,565	-	4,697,565	(1)
Total expenditures	5,488,000	5,488,001	-	5,488,001	(1)
Revenues over (under) expenditures	(5,485,000)	(5,182,864)	-	(5,182,864)	302,136
Other Financing Sources (Uses):					
Bond premium	156,318	156,318	-	156,318	-
Proceeds from bond issuance	5,328,682	5,485,000	-	5,485,000	156,318
Total other financing sources (uses)	5,485,000	5,641,318	-	5,641,318	156,318
Net change in fund balance	$ -	$ 458,454	-	$ 458,454	$ 458,454
Fund Balance:					
Beginning of year - July 1			458,454		
End of year - June 30			$ 458,454		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - 2018 SERIES STREETS BOND FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	$ -	$ 541,723	$ 99,500	$ 641,223	$ 641,223
Expenditures:					
Capital outlay	6,210,038	6,100,038	63,125	6,163,163	46,875
Revenues over (under) expenditures	(6,210,038)	(5,558,315)	36,375	(5,521,940)	688,098
Other Financing Sources (Uses):					
Bond premium	545,038	545,038	-	545,038	-
Proceeds from debt	5,665,000	5,665,000	-	5,665,000	-
Total other financing sources (uses)	6,210,038	6,210,038	-	6,210,038	-
Net change in fund balance	$ -	$ 651,723	36,375	$ 688,098	$ 688,098
Fund Balance:					
Beginning of year - July 1			651,723		
End of year - June 30			$ 688,098		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - DIVERGING DIAMOND INTERCHANGE
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Expenditures:					
Professional services	$ 1,261,467	$ 1,097,222	$ 5,100	$ 1,102,322	$ 159,145
Revenues over (under) expenditures	(1,261,467)	(1,097,222)	(5,100)	(1,102,322)	159,145
Other Financing Sources (Uses):					
Transfer from General Fund	1,261,467	1,284,467	-	1,284,467	23,000
Net change in fund balance	$ -	$ 187,245	(5,100)	$ 182,145	$ 182,145
Fund Balance:					
Beginning of year - July 1			187,245		
End of year - June 30			$ 182,145		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - TOWN CENTER INFRASTRUCTURE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Miscellaneous revenues	$ -	$ 1,691,287	$ -	$ 1,691,287	$ 1,691,287
Investment earnings	-	155,768	28,966	184,734	184,734
Total revenues	-	1,847,055	28,966	1,876,021	1,876,021
Expenditures:					
Capital outlay	3,195,286	1,674,971	-	1,674,971	1,520,315
Revenues over (under) expenditures	(3,195,286)	172,084	28,966	201,050	3,396,336
Other Financing Sources (Uses):					
Transfers from other fund	3,195,286	3,195,286	-	3,195,286	-
Net change in fund balance	$ -	$ 3,367,370	28,966	$ 3,396,336	$ 3,396,336
Fund Balance:					
Beginning of year - July 1			3,367,370		
End of year - June 30			$ 3,396,336		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - TOWN CENTER REDEVELOPMENT BONDS FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental:					
Local grant revenues	$ 1,500,000	$ 1,500,000	$ -	$ 1,500,000	$ -
Investment earnings	-	18,635	-	18,635	18,635
Total revenues	1,500,000	1,518,635	-	1,518,635	18,635
Expenditures:					
Cain Center capital	5,500,000	5,500,000	-	5,500,000	-
Town Center parking lots	418,847	418,847	-	418,847	-
Total expenditures	5,918,847	5,918,847	-	5,918,847	-
Revenues over (under) expenditures	(4,418,847)	(4,400,212)	-	(4,400,212)	18,635
Other Financing Sources (Uses):					
Bond premium	427,791	427,791	-	427,791	-
Proceeds from bond issuance	3,991,056	4,000,000	-	4,000,000	8,944
Total other financing sources (uses)	4,418,847	4,427,791	-	4,427,791	8,944
Net change in fund balance	$ -	$ 27,579	-	$ 27,579	$ 27,579
Fund Balance:					
Beginning of year - July 1			27,579		
End of year - June 30			$ 27,579		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - 2018 SERIES PARKS BOND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	$ -	$ 32,633	$ -	$ 32,633	$ 32,633
Expenditures:					
Capital outlay	1,710,000	345,360	16,558	361,918	1,348,082
Revenues over (under) expenditures	(1,710,000)	(312,727)	(16,558)	(329,285)	1,380,715
Other Financing Sources (Uses):					
Proceeds from debt	1,050,000	1,050,000	-	1,050,000	-
Transfers from other fund	660,000	660,000	-	660,000	-
Total other financing sources (uses)	1,710,000	1,710,000	-	1,710,000	-
Net change in fund balance	$ -	$ 1,397,273	(16,558)	$ 1,380,715	$ 1,380,715
Fund Balance:					
Beginning of year - July 1			1,397,273		
End of year - June 30			$ 1,380,715		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - WILLOW POND STREAM RESTORATION AND OTHER STREAM RESTORATION PROJECTS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental:					
State grant revenues	$ 350,000	$ 350,000	$ -	$ 350,000	$ -
Local grant revenues	202,780	173,632	-	173,632	(29,148)
Total revenues	552,780	523,632	-	523,632	(29,148)
Expenditures:					
Capital outlay	1,898,960	1,110,671	379,726	1,490,397	408,563
Revenues over (under) expenditures	(1,346,180)	(587,039)	(379,726)	(966,765)	379,415
Other Financing Sources (Uses):					
Transfers from other fund	1,346,180	1,050,000	296,180	1,346,180	-
Net change in fund balance	$ -	$ 462,961	(83,546)	$ 379,415	$ 379,415
Fund Balance:					
Beginning of year - July 1			462,961		
End of year - June 30			$ 379,415		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - SMITHVILLE TOWN INFRASTRUCTURE PROJECT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Restricted intergovernmental:					
State grant revenues	$ 500,000	$ 500,000	$ -	$ 500,000	$ -
Investment earnings	-	1,950	-	1,950	1,950
Total revenues	500,000	501,950	-	501,950	1,950
Expenditures:					
SCIF grant expenditures	500,000	500,000	-	500,000	-
Capital outlay	4,400,000	191,407	137,211	328,618	4,071,382
Total expenditures	4,900,000	691,407	137,211	828,618	4,071,382
Revenues over (under) expenditures	(4,400,000)	(189,457)	(137,211)	(326,668)	4,073,332
Other Financing Sources (Uses):					
Transfers from other fund	4,400,000	3,400,000	1,000,000	4,400,000	-
Net change in fund balance	$ -	$ 3,210,543	862,789	$ 4,073,332	$ 4,073,332
Fund Balance:					
Beginning of year - July 1			3,210,543		
End of year - June 30			$ 4,073,332		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - 2022 SERIES STREETS BOND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	$ -	$ 313,503	$ 32,813	$ 346,316	$ 346,316
Expenditures:					
Professional services	550,000	550,000	-	550,000	-
Capital outlay	3,500,000	3,500,000	-	3,500,000	-
Total expenditures	4,050,000	4,050,000	-	4,050,000	-
Revenues over (under) expenditures	(4,050,000)	(3,736,497)	32,813	(3,703,684)	346,316
Other Financing Sources (Uses):					
Bond premium	396,056	396,056	-	396,056	-
Proceeds from bond issuance	3,653,944	3,645,000	-	3,645,000	(8,944)
Total other financing sources (uses)	4,050,000	4,041,056	-	4,041,056	(8,944)
Net change in fund balance	$ -	$ 304,559	32,813	$ 337,372	$ 337,372
Fund Balance:					
Beginning of year - July 1			304,559		
End of year - June 30			$ 337,372		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - BAILEY ROAD PARK TENNIS AND PICKLEBALL COMPLEX
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Miscellaneous revenues	$ -	$ -	$ 15,000	15,000	15,000
Expenditures:					
Capital outlay	2,790,700	198,854	1,755,514	1,954,368	836,332
Revenues over (under) expenditures	(2,790,700)	(198,854)	(1,740,514)	(1,939,368)	851,332
Other Financing Sources (Uses):					
Transfer from General Fund	2,790,700	2,470,700	250,000	2,720,700	(70,000)
Net change in fund balance	$ -	$ 2,271,846	(1,490,514)	$ 781,332	$ 781,332
Fund Balance:					
Beginning of year - July 1			2,271,846		
End of year - June 30			$ 781,332		

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

		Actual			
	Project Authorization	Prior Years	Current Year	Total to Date	Variance Over/Under
Revenues:					
Investment earnings	$ -	$ 1,638,165	$ -	$ 1,638,165	$ 1,638,165
Other Financing Sources (Uses):					
Transfers to other fund	(16,401,656)	(5,065,676)	(11,335,980)	(16,401,656)	-
Transfers from other fund	16,401,656	14,763,491	-	14,763,491	(1,638,165)
Total other financing sources (uses)	-	9,697,815	(11,335,980)	(1,638,165)	(1,638,165)
Net change in fund balance	$ -	$ 11,335,980	(11,335,980)	$ -	$ -
Fund Balance:					
Beginning of year - July 1			11,335,980		
End of year - June 30			$ -		

TOWN OF CORNELIUS, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Over/Under
Revenues:			
Operating Revenues:			
Charges for services	$ 7,553,070	$ 7,961,645	$ 408,575
Other operating revenue	-	9,026	9,026
Total operating revenues	7,553,070	7,970,671	417,601
Non-Operating Revenues:			
Investment earnings	106,668	165,901	59,233
NCMPA rebate	1,237,868	1,237,868	-
Miscellaneous	21,382	77,888	56,506
Total non-operating revenues	1,365,918	1,481,657	115,739
Total revenues	8,918,988	9,452,328	533,340
Expenditures:			
Administration:			
Administrative and contracted services	329,309	208,581	120,728
Operating:			
Salaries and employee benefits	961,298	942,983	18,315
Contracted maintenance	197,080	106,614	90,466
Other operating expenses	704,736	1,114,938	(410,202)
Total operating expenses	1,863,114	2,164,535	(301,421)
Electrical power purchases	3,945,375	3,872,349	73,026
Capital Outlay:			
Equipment	785,329	400,211	385,118
Debt Service:			
Principal repayment	50,000	50,000	-
Interest and fees	2,000	798	1,202
Total	52,000	50,798	1,202
Total expenditures	6,975,127	6,696,474	278,653

TOWN OF CORNELIUS, NORTH CAROLINA

ELECTRIC FUND
SCHEDULE OF REVENUES AND EXPENDITURES
BUDGET AND ACTUAL (NON-GAAP)
FOR THE YEAR ENDED JUNE 30, 2025

	Budget	Actual	Variance Over/Under
Revenues over (under) expenditures	1,943,861	2,755,854	811,993
Other Financing Sources (Uses):			
Transfers to other funds	(2,112,500)	(2,112,500)	-
Appropriated fund balance	168,639	-	(168,639)
Total other financing sources (uses)	(1,943,861)	(2,112,500)	(168,639)
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	643,354	$ 643,354
Reconciliation From Budgetary Basis (Modified Accrual) To Full Accrual:			
Capital outlay		400,211	
Depreciation		(430,101)	
Transfers to Electric Utility Substation Capital Project Fund		2,112,500	
Principal repayment		50,000	
Change in net position		$ 2,775,964	

TOWN OF CORNELIUS, NORTH CAROLINA

CAPITAL PROJECT FUND - ELECTRIC UTILITY SUSBSTATION
SCHEDULE OF REVENUES AND EXPENDITURES -
BUDGET AND ACTUAL (NON-GAAP)
FROM INCEPTION AND FOR THE YEAR ENDED JUNE 30, 2025

	Project Authorization	Actual			Variance Over/Under
		Prior Years	Current Year	Total to Date	
Expenditures:					
Substation construction	$ 3,912,500	$ 564,728	$ 1,706,043	$ 2,270,771	$ 1,641,729
Revenues over (under) expenditures	(3,912,500)	(564,728)	(1,706,043)	(2,270,771)	1,641,729
Other Financing Sources (Uses):					
Transfer from Electric Fund	3,912,500	1,800,000	2,112,500	3,912,500	-
Revenues and other financing sources over (under) expenditures and other financing uses	$ -	$ 1,235,272	$ 406,457	$ 1,641,729	$ 1,641,729

TOWN OF CORNELIUS, NORTH CAROLINA

PENSION TRUST FUNDS
COMBINING STATEMENTS OF FIDUCIARY NET POSITION
JUNE 30, 2025

	OPEB Trust Fund	LEOSSA Trust Fund	Total
Assets:			
Restricted assets:			
Investments:			
Cash and cash equivalents:			
Fixed income	$ 727,663	$ 727,664	$ 1,455,327
Total assets	727,663	727,664	1,455,327
Net Position:			
Net position restricted for post-employment benefits other than pensions	727,663	-	727,663
Net position restricted for defined benefit pensions	-	727,664	727,664
Total net position	$ 727,663	$ 727,664	$ 1,455,327

TOWN OF CORNELIUS, NORTH CAROLINA

PENSION TRUST FUNDS
COMBINING STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2025

	OPEB Trust Fund	LEOSSA Trust Fund	Total
Additions:			
Investment income	$ 102,714	$ 102,714	$ 205,428
Change in net position	102,714	102,714	205,428
Net Position:			
Beginning of year - July 1	624,949	624,950	1,249,899
End of year - June 30	$ 727,663	$ 727,664	$ 1,455,327

TOWN OF CORNELIUS, NORTH CAROLINA

GENERAL FUND
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
JUNE 30, 2025

Fiscal Year	Beginning Balance	Additions	Collections and Credits	Ending Balance
2024-2025	$ -	$ 20,430,939	$ 20,361,428	$ 69,511
2023-2024	55,962	-	27,023	28,939
2022-2023	24,757	-	2,779	21,978
2021-2022	18,067	-	1,143	16,924
2020-2021	17,306	-	1,464	15,842
2019-2020	17,301	-	1,741	15,560
2018-2019	19,864	-	2,900	16,964
2017-2018	12,573	-	581	11,992
2016-2017	20,300	-	1,685	18,615
2015-2016	12,635	-	370	12,265
2014-2015	14,346	-	14,346	-
Total	$ 213,111	$ 20,430,939	$ 20,415,460	228,590
Less: Allowance for uncollectible accounts				(72,187)
Ad valorem taxes receivable, net				$ 156,403
Reconciliation with Revenues:				
Ad valorem taxes - General Fund				$ 20,717,128
Reconciling items:				
Penalties and interest collected				(76,522)
Amounts written off due to Statute of Limitations				14,346
Vehicles fees				(273,255)
Miscellaneous adjustments				33,763
Total collections and credits				$ 20,415,460

TOWN OF CORNELIUS, NORTH CAROLINA

ANALYSIS OF CURRENT YEAR LEVY
FOR THE YEAR ENDED JUNE 30, 2025

	Town-Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original Levy:					
Property taxed at current year's rate	$ 11,740,508,822	$ 0.1731	$ 20,376,403	$ 19,251,518	$ 1,124,885
Total original levy	11,740,508,822		20,376,403	19,251,518	1,124,885
Discoveries	56,244,633		97,359	97,359	-
Releases	(24,738,897)		(42,823)	(42,823)	-
Net Levy	$ 11,772,014,558		20,430,939	19,306,054	1,124,885
Uncollected taxes at June 30, 2025			(69,511)	(69,511)	-
Current Year's Taxes Collected			$ 20,361,428	$ 19,236,543	$ 1,124,885
Current Levy Collection Percentage			99.66%	99.64%	100.00%
Prior year levy collection percentage			99.72%	99.71%	100.00%

STATISTICAL SECTION

Town of Cornelius **Table 1**
Net Position by Component **Page 1 of 2**
Last Ten Fiscal Years
(accrual basis of accounting)

	2016	2017	2018	2019	2020
Governmental activities					
Net investment in capital assets	$ 41,722,122	$ 47,899,276	$ 49,983,641	$ 51,399,791	$ 52,710,712
Restricted	10,480,695	2,129,351	2,687,009	3,716,807	4,838,130
Unrestricted	5,145,658	12,009,734	12,937,018	16,691,941	21,311,487
Total governmental activities net position	57,348,475	62,038,361	65,607,668	71,808,539	78,860,329
Business-type activities					
Net investment in capital assets	5,272,789	5,432,969	5,435,308	5,383,807	5,137,508
Unrestricted	2,065,372	2,247,491	2,580,847	3,068,709	3,964,482
Total business-type activities net position	7,338,161	7,680,460	8,016,155	8,452,516	9,101,990
Primary Government					
Net investment in capital assets	46,994,911	53,332,245	55,418,949	56,783,598	57,848,220
Restricted	10,480,695	2,129,351	2,687,009	3,716,807	4,838,130
Unrestricted	7,211,030	14,257,225	15,517,865	19,760,650	25,275,969
Total primary government activities net position	$ 64,686,636	$ 69,718,821	$ 73,623,823	$ 80,261,055	$ 87,962,319

Note: The Town began to report accrual information when it implemented GASB 34 in fiscal year 2004.
In FY 2019, the Town issued $6,715,000 in GO Bonds

Town of Cornelius **Table 1**
Net Position by Component **Page 2 of 2**
Last Ten Fiscal Years
(accrual basis of accounting)

	2021	2022	2023	2024	2025
Governmental activities					
Net investment in capital assets	$ 54,717,996	$ 63,390,401	$ 61,305,715	$ 64,596,260	$ 72,832,105
Restricted	8,470,904	11,764,231	7,708,234	8,260,873	4,506,243
Unrestricted	22,989,232	19,510,896	38,509,853	49,374,095	54,635,255
Total governmental activities net position	86,178,132	94,665,528	107,523,802	122,231,228	131,973,603
Business-type activities					
Net investment in capital assets	4,705,772	4,638,448	4,654,482	5,212,273	6,938,426
Unrestricted	5,369,119	5,691,064	5,929,764	5,807,309	6,857,120
Total business-type activities net position	10,074,891	10,329,512	10,584,246	11,019,582	13,795,546
Primary Government					
Net investment in capital assets	59,423,768	68,028,849	65,960,197	69,808,533	79,770,531
Restricted	8,470,904	11,764,231	7,708,234	8,260,873	4,506,243
Unrestricted	28,358,351	25,201,960	44,439,617	55,181,404	61,492,375
Total primary government activities net position	$ 96,253,023	$ 104,995,040	$ 118,108,048	$ 133,250,810	$ 145,769,149

Town of Cornelius **Table 2**
Changes in Net Position **Page 1 of 2**
Last Ten Fiscal Years
(accrual basis of accounting)

Expenses	**2016**	**2017**	**2018**	**2019**	**2020**
Governmental activities:					
General government	$ 2,276,375	$ 1,919,663	$ 4,069,355	$ 2,261,191	$ 2,973,308
Public safety	8,815,704	9,547,889	9,150,439	10,022,509	10,906,466
Transportation	1,943,529	1,889,059	659,823	1,734,771	2,087,769
Environmental protection	1,879,713	2,115,660	2,047,279	2,221,519	2,191,485
Economic development	1,069,184	1,538,853	1,167,279	1,031,889	987,670
Cultural and recreation	2,264,597	2,864,193	3,102,510	3,456,777	3,582,954
Interest on long-term debt	445,768	394,371	300,753	551,834	534,867
Total governmental activities expenses	$ 18,694,870	$ 20,269,688	$ 20,497,438	$ 21,280,490	$ 23,264,519
Business-type activities:					
Electric	$ 5,933,912	$ 6,222,530	$ 6,274,610	$ 6,367,888	$ 6,568,665
Total primary governmental expenses	$ 24,628,782	$ 26,492,218	$ 26,772,048	$ 27,648,378	$ 29,833,184
Program Revenues					
Governmental activities:					
Charges for services					
General government	$ 19,052	$ 76,489	$ 84,540	$ 69,126	$ 366,262
Public safety	612,460	71,176	71,915	68,522	70,050
Economic development	75,211	150,505	118,302	86,723	42,175
Cultural and recreation	696,420	639,063	749,629	799,047	647,142
Operating grants and contributions	1,951,014	1,892,199	2,042,861	2,314,551	2,195,182
Capital grants and contributions	1,091,287	2,175,723	96,137	1,266,105	2,211,276
Total governmental activities program revenues	4,445,444	5,005,155	3,163,384	4,604,074	5,532,087
Business-type activities:					
Charges for services					
Electric	6,479,803	6,545,889	6,618,464	6,789,623	6,466,617
Total primary government program revenues	$ 10,925,247	$ 11,551,044	$ 9,781,848	$ 11,393,697	$ 11,998,704
Net (expense)/revenue:					
Governmental activities	$ (14,249,426)	$ (15,264,533)	$ (17,334,054)	$ (16,676,416)	$ (17,732,432)
Business-type activities	545,891	323,359	343,854	421,735	(102,048)
Total primary government net revenue	$ (13,703,535)	$ (14,941,174)	$ (16,990,200)	$ (16,254,681)	$ (17,834,480)
General Revenues and Other Changes in Net Position					
Governmental activites:					
Taxes					
Property taxes	$ 12,576,326	$ 13,728,353	$ 14,093,480	$ 14,415,240	$ 16,580,791
Sales taxes	3,159,517	3,237,518	3,736,084	3,983,699	4,026,827
Other taxes and licenses	2,954,128	3,472,656	3,566,007	3,731,456	3,570,829
Unrestricted investment earnings	87,382	148,641	321,554	746,892	605,775
Total governmental activities	18,777,353	20,587,168	21,717,125	22,877,287	24,784,222
Business-type activities:					
Investment earnings	1,415	2,814	7,967	14,626	9,320
Miscellaneous	-	-	-	-	742,202
Total business-type activities	1,415	2,814	7,967	14,626	751,522
Total primary government	$ 18,778,768	$ 20,589,982	$ 21,725,092	$ 22,891,913	$ 25,535,744
Change in Net Position					
Governmental activities	$ 4,527,927	$ 5,322,635	$ 4,383,071	$ 6,200,871	$ 7,051,790
Business-type activities	547,306	326,173	351,821	436,361	649,474
Total primary government	$ 5,075,233	$ 5,648,808	$ 4,734,892	$ 6,637,232	$ 7,701,264

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

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

Expenses	**2021**	**2022**	**2023**	**2024**	**2025**
Governmental activities:					
General government	$ 2,431,731	$ 2,478,453	$ 2,703,398	$ 3,306,531	$ 3,810,411
Public safety	11,361,905	11,633,623	13,336,590	14,846,927	16,603,799
Transportation	2,117,872	2,092,175	3,105,112	2,123,848	2,467,306
Environmental protection	2,316,606	2,515,792	2,587,408	3,669,044	3,271,369
Economic development	1,022,687	985,399	1,176,757	1,261,818	1,401,072
Cultural and recreation	3,148,035	4,431,220	3,649,586	4,088,054	4,419,348
Interest on long-term debt	476,660	475,951	628,469	581,265	533,232
Total governmental activities expenses	$ 22,875,496	$ 24,612,613	$ 27,187,320	$ 29,877,487	$ 32,506,537
Business-type activities:					
Electric	$ 6,652,430	$ 6,765,255	$ 6,744,881	$ 6,760,297	$ 6,598,476
Total primary governmental expenses	$ 29,527,926	$ 31,377,868	$ 33,932,201	$ 36,637,784	$ 39,105,013
Program Revenues					
Governmental activities:					
Charges for services					
General government	$ 599,168	$ 18,621	$ 46,375	$ 195,326	$ 6,053
Public safety	64,788	66,723	73,840	65,745	68,464
Economic development	47,730	34,720	31,080	39,500	43,941
Cultural and recreation	556,923	680,547	777,433	939,526	996,137
Operating grants and contributions	1,866,626	2,829,059	7,600,279	7,761,213	2,266,717
Capital grants and contributions	1,841,981	2,548,530	21,652	50,000	3,015,000
Total governmental activities program revenues	4,977,216	6,178,200	8,550,659	9,051,310	6,396,312
Business-type activities:					
Charges for services					
Electric	6,518,361	7,014,691	6,877,972	7,014,912	7,970,671
Total primary government program revenues	$ 11,495,577	$ 13,192,891	$ 15,428,631	$ 16,066,222	$ 14,366,983
Net (expense)/revenue:					
Governmental activities	$ (17,898,280)	$ (18,434,413)	$ (18,636,661)	$ (20,826,177)	$ (26,110,225)
Business-type activities	(134,069)	249,436	133,091	254,615	1,372,195
Total primary government net revenue	$ (18,032,349)	$ (18,184,977)	$ (18,503,570)	$ (20,571,562)	$ (24,738,030)
General Revenues and Other Changes in Net Position					
Governmental activites:					
Taxes					
Property taxes	$ 16,917,616	$ 17,219,801	$ 18,368,454	$ 20,440,018	$ 20,733,933
Sales taxes	4,778,062	5,720,873	6,282,173	6,657,351	606,777
Other taxes and licenses	3,400,128	3,876,215	4,303,090	4,675,508	12,654,794
Unrestricted investment earnings	120,277	104,920	2,541,218	3,760,726	3,274,031
Total governmental activities	25,216,083	26,921,809	31,494,935	35,533,603	37,269,535
Business-type activities:					
Investment earnings	435	5,185	121,643	180,721	165,901
Miscellaneous	1,106,535	-	-	-	1,237,868
Total business-type activities	1,106,970	5,185	121,643	180,721	1,403,769
Total primary government	$ 26,323,053	$ 26,926,994	$ 31,616,578	$ 35,714,324	$ 38,673,304
Change in Net Position					
Governmental activities	$ 7,317,803	$ 8,487,396	$ 12,858,274	$ 14,707,426	$ 11,159,310
Business-type activities	972,901	254,621	254,734	435,336	2,775,964
Total primary government	$ 8,290,704	$ 8,742,017	$ 13,113,008	$ 15,142,762	$ 13,935,274

Town of Cornelius **Table 3**
Fund Balances of Governmental Funds **Page 1 of 2**
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020
General Fund					
Non-spendable	$ 264,918	$ 217,378	$ 347,638	$ 208,850	$ 277,167
Restricted	1,829,706	1,682,396	2,641,326	2,484,974	2,910,338
Committed	-	-	-	-	-
Assigned	-	-	-	-	-
Unassigned	13,780,551	12,326,584	12,518,218	14,296,838	17,614,229
Total General Fund	$ 15,875,175	$ 14,226,358	$ 15,507,182	$ 16,990,662	$ 20,801,734
All other governmental funds					
Restricted in Special Revenue	$ 232,237	$ 131,975	$ 233,378	$ 323,462	$ 336,228
Restricted in Capital Project	8,776,492	7,318,353	7,342,139	12,886,643	10,859,707
Committed in Special Revenue	-	-	-	-	-
Committed in Capital Project	2,198,733	2,954,768	3,708,244	7,368,115	9,617,851
Assigned in Special Revenue	-	-	-	-	-
Unassigned in Capital Project	(1,122,895)	(187,299)	(51,670)	(389,285)	(306,702)
Total all other governmental funds	$ 10,084,567	$ 10,217,797	$ 11,232,091	$ 20,188,935	$ 20,507,084

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

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

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

Town of Cornelius **Table 3**
Fund Balances of Governmental Funds **Page 2 of 2**
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2021	2022	2023	2024	2025
General Fund					
Non-spendable	$ 145,978	$ 165,019	$ 179,334	$ 177,887	$ 429,288
Restricted	5,663,760	9,350,950	5,409,147	4,566,044	4,382,484
Committed	889,140	786,592	-	-	-
Assigned	-	-	-	4,070,287	4,505,728
Unassigned	19,229,981	20,103,990	31,766,223	32,944,551	36,366,206
Total General Fund	$ 25,928,859	$ 30,406,551	$ 37,354,704	$ 41,758,769	$ 45,683,706
All other governmental funds					
Restricted in Special Revenue	$ 362,205	$ 393,529	$ 420,741	$ 486,037	$ 123,759
Restricted in Capital Project	9,861,085	16,685,660	11,307,948	4,597,465	688,082
Committed in Special Revenue	-	-	362,672	899,603	-
Committed in Capital Project	9,926,644	11,072,183	14,440,205	19,630,607	22,426,784
Assigned in Special Revenue	-	-	-	123,338	310,124
Unassigned in Capital Project	(639,084)	(3,488,553)	(838,204)	(442,420)	-
Total all other governmental funds	$ 19,510,850	$ 24,662,819	$ 25,693,362	$ 25,294,630	$ 23,548,749

Town of Cornelius **Table 4**
Changes in Fund Balances of Governmental Funds **Page 1 of 2**
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020
Revenues					
Ad valorem taxes	$ 12,630,725	$ 13,734,400	$ 14,129,432	$ 14,426,414	$ 16,513,048
Other taxes	5,723,324	550,628	538,564	574,464	430,401
Unrestricted intergovernmental	1,016,064	6,159,546	6,763,527	7,140,691	7,167,255
Restricted intergovernmental	2,626,780	3,800,538	1,935,017	3,022,448	2,764,259
Permits and fees	230,946	294,951	231,782	216,945	170,606
Sales and services	598,586	536,949	657,268	695,168	546,500
Investment earnings	87,382	148,641	321,554	746,892	605,775
Miscellaneous	363,387	372,717	339,317	669,513	2,050,722
Total revenues	23,277,194	25,598,370	24,916,461	27,492,535	30,248,566
Expenditures					
General government	1,887,985	1,624,247	3,691,510	1,941,590	2,121,814
Public safety	7,784,894	8,033,847	8,017,661	8,388,370	8,993,206
Transportation	1,380,712	1,264,751	31,496	918,203	1,216,796
Economic and physical development	1,065,376	1,522,468	1,165,682	1,012,389	946,032
Environmental protection	1,879,713	2,111,852	2,043,471	2,217,711	2,187,677
Cultural and recreation	1,738,227	2,155,036	2,444,183	2,626,959	2,533,752
Capital outlay	6,083,497	6,044,532	5,909,687	6,617,581	5,387,694
Debt service					
Principal	2,775,130	4,345,739	1,908,658	1,944,800	2,139,116
Interest and other charges	461,900	423,485	320,174	451,978	593,258
Total expenditures	25,057,434	27,525,957	25,532,522	26,119,581	26,119,345
Excess of revenues over (under) expenditures	(1,780,240)	(1,927,587)	(616,061)	1,372,954	4,129,221
Other financing sources (uses)					
Long-term debt issued	998,364	412,000	2,911,179	8,522,332	-
Lease liabilities issued	-	-	-	-	-
Subscription liabilities issued	-	-	-	-	-
Bond premium	-	-	-	545,038	-
Transfers from other funds	162,676	771,735	1,436,475	2,757,562	1,699,951
Transfers to other funds	(162,676)	(771,735)	(1,436,475)	(2,757,562)	(1,699,951)
Total other financing sources (uses)	998,364	412,000	2,911,179	9,067,370	-
Net change in fund balances	$ (781,876)	$ (1,515,587)	$ 2,295,118	$ 10,440,324	$ 4,129,221
Debt services as a percentage of noncapital expenditures	17.1%	22.2%	11.4%	12.3%	13.2%

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

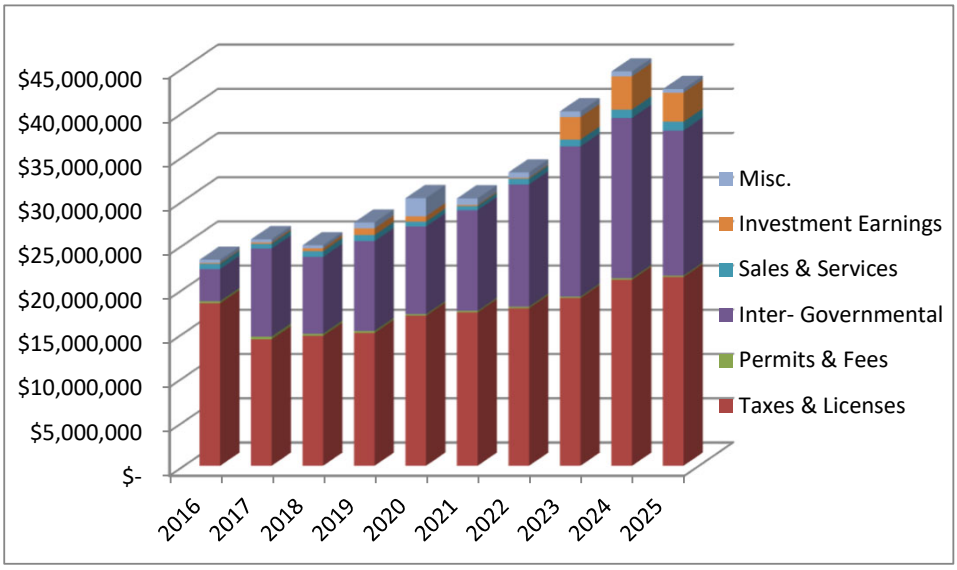
Town of Cornelius **Table 4**
Changes in Fund Balances of Governmental Funds **Page 2 of 2**
Last Ten Fiscal Years
(modified accrual basis of accounting)

	2021	2022	2023	2024	2025
Revenues					
Ad valorem taxes	$ 16,943,009	$ 17,279,552	$ 18,397,146	$ 20,440,214	$ 20,717,128
Other taxes	379,149	511,289	549,946	576,929	606,777
Unrestricted intergovernmental	7,799,041	9,085,799	10,035,317	10,755,930	11,599,833
Restricted intergovernmental	3,602,609	4,758,816	6,963,690	7,378,845	4,805,944
Permits and fees	164,029	168,065	152,901	176,025	159,157
Sales and services	464,848	641,059	779,806	944,620	1,001,455
Investment earnings	120,277	104,920	2,541,218	3,760,726	3,274,031
Miscellaneous	745,730	610,260	654,262	551,820	429,756
Total revenues	30,218,692	33,159,760	40,074,286	44,585,109	42,594,081
Expenditures					
General government	2,113,605	2,192,745	2,182,572	2,741,535	3,225,431
Public safety	9,218,348	10,503,299	11,908,671	13,250,370	14,454,712
Transportation	1,249,521	1,463,573	1,505,654	1,399,053	1,568,609
Economic and physical development	984,463	898,222	1,153,936	1,240,055	1,365,600
Environmental protection	2,312,798	2,424,675	2,569,436	3,439,080	3,086,320
Cultural and recreation	2,216,670	2,693,035	2,532,117	2,940,753	3,316,247
Capital outlay	6,118,036	10,365,169	9,292,787	12,360,869	10,489,076
Debt service					
Principal	2,674,518	2,141,524	2,844,167	3,162,897	3,014,144
Interest and other charges	537,842	459,704	689,544	715,164	609,970
Total expenditures	27,425,801	33,141,946	34,678,884	41,249,776	41,130,109
Excess of revenues over (under) expenditures	2,792,891	17,814	5,395,402	3,335,333	1,463,972
Other financing sources (uses)					
Long-term debt issued	1,338,000	8,788,000	2,321,479	670,000	700,000
Lease liabilities issued	-	-	142,073	-	15,084
Subscription liabilities issued	-	-	119,742	-	-
Bond premium	-	823,847	-	-	-
Transfers from other funds	1,402,526	1,433,803	9,781,424	9,493,814	15,268,067
Transfers to other funds	(1,402,526)	(1,433,803)	(9,781,424)	(9,493,814)	(15,268,067)
Total other financing sources (uses)	1,338,000	9,611,847	2,583,294	670,000	715,084
Net change in fund balances	$ 4,130,891	$ 9,629,661	$ 7,978,696	$ 4,005,333	$ 2,179,056
Debt services as a percentage of noncapital expenditures	15.1%	11.4%	13.9%	13.4%	11.8%

Table 5

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

Fiscal Year	Taxes & Licenses	Permits & Fees	Inter-Governmental	Sales & Services	Investment Earnings	Misc.	Fiscal Year Total
2016	$18,354,049	$ 230,946	$ 3,642,844	$598,586	$ 87,382	$ 363,387	$23,277,194
2017	14,285,028	294,951	9,960,084	536,949	148,641	372,717	25,598,370
2018	14,667,996	231,782	8,698,544	657,268	321,554	339,317	24,916,461
2019	15,000,878	216,945	10,163,139	695,168	746,892	669,513	27,492,535
2020	16,943,449	170,606	9,931,514	546,500	605,775	2,050,722	30,248,566
2021	17,322,158	164,029	11,401,650	464,848	120,277	745,730	30,218,692
2022	17,790,841	168,065	13,844,615	641,059	104,920	610,260	33,159,760
2023	18,947,092	152,901	16,999,007	779,806	2,541,218	654,262	40,074,286
2024	21,017,143	176,025	18,134,775	944,620	3,760,726	551,820	44,585,109
2025	21,323,905	159,157	16,405,777	1,001,455	3,274,031	429,756	42,594,081

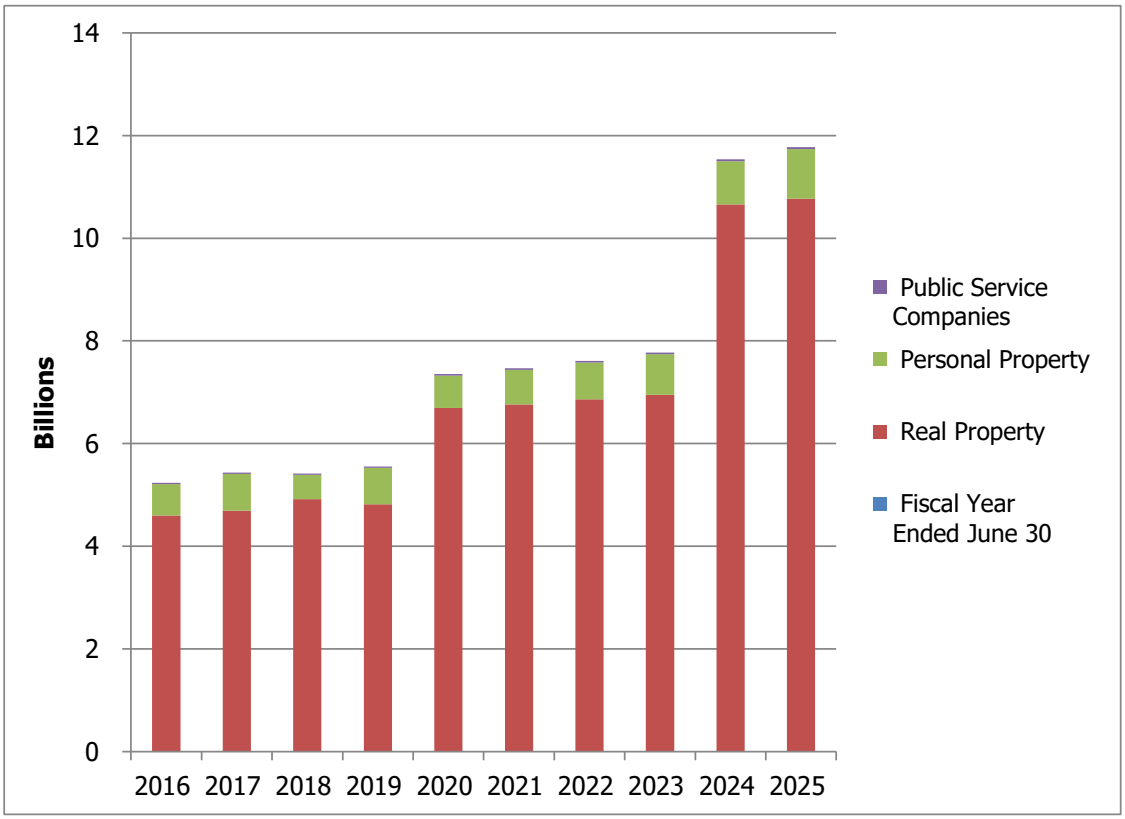


Compiled from Annual Statement of Revenues, Expenidtures, and Changes in Fund Balances - Governmental Fund Types, using the modified accrual basis of accounting.

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

Fiscal Year Ended June 30	Real Property	Personal Property	Public Service Companies	Total Taxable Assessed Value*	Total Direct Tax Rate **
2016	$ 4,598,688,808	$ 613,512,960	$ 23,360,732	$5,235,562,500	$ 0.240
2017	4,689,876,576	719,717,923	22,401,187	5,431,995,686	0.255
2018	4,919,769,638	473,803,428	21,612,424	5,415,185,490	0.255
2019	4,814,977,598	713,334,108	23,819,654	5,552,131,360	0.255
2020	6,692,903,110	631,816,714	28,332,011	7,353,051,835	0.222
2021	6,763,722,679	670,705,772	29,739,860	7,464,168,311	0.222
2022	6,860,451,323	718,855,267	31,066,330	7,610,372,920	0.222
2023	6,951,758,004	788,295,443	34,520,312	7,774,573,759	0.232
2024	10,658,214,404	843,551,822	37,039,553	11,538,805,779	0.1731
2025	10,769,523,782	964,553,212	37,937,564	11,772,014,558	0.1731

Source: Mecklenburg County Tax Assessor's Office
*Total assessed values are net of abatements
**Tax rate is per $100 of assessed valuation



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

	Town of Cornelius		Mecklenburg County		
Fiscal Year	Operating Rate	Total Direct Rate	County Rate	Total County	Total Direct and Overlapping
2016	0.240	0.240	0.8157	0.8157	1.0557
2017	0.255	0.255	0.8157	0.8157	1.0707
2018	0.255	0.255	0.8157	0.8157	1.0707
2019	0.255	0.255	0.8232	0.8232	1.0782
2020	0.222	0.222	0.6169	0.6169	0.8389
2021	0.222	0.222	0.6169	0.6169	0.8389
2022	0.222	0.222	0.6169	0.6169	0.8389
2023	0.232	0.232	0.6169	0.6169	0.8489
2024	0.1731	0.1731	0.4731	0.4731	0.6462
2025	0.1731	0.1731	0.4831	0.4831	0.6562


CORNELIUS
INC.
1905
NORTH CAROLINA

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

	2015		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
WMCI Charlotte III LLC	$ 39,841,899	1	0.80%
Kings Park LLC	25,083,000	2	0.50%
Fairfield Marina Shores LLC	19,341,000	3	0.39%
Colonial Realty LTD	17,127,000	4	0.34%
Jetton Village 1672 LP	14,144,800	5	0.28%
Inland Southeast Southlake LLC	13,516,400	6	0.27%
The Peninsula Club	13,600,901	7	0.27%
MW Ark LLC	12,807,200	8	0.26%
CCC One Norman Square	11,720,000	9	0.23%
HD Development of Maryland	10,159,100	10	0.20%
Totals	$177,341,300		3.55%

Source: Mecklenburg County Office of the Tax Collector

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

	2025		
Taxpayer	**Taxable Assessed Value**	**Rank**	**Percentage of Total Taxable Assessed Value**
Spyglass GPG Junction, LLC	$ 67,872,900	1	0.58%
New Sailpointe LLC	58,924,489	2	0.50%
NXRT Verandas LLC	58,553,400	3	0.50%
WMCI Charlotte III LLC	56,160,400	4	0.48%
Alcove Birkdale XIV LLC	54,129,000	5	0.46%
Colonial Realty LTD Partnership	48,197,700	6	0.41%
TGA One Norman Square	47,675,700	8	0.40%
Reserve at Kenton Place	46,518,648	7	0.40%
Legacy Cornelius LLC	45,197,185	9	0.38%
DDR Southeast Southlake LLC	26,870,200	10	0.23%
Totals	$510,099,622		4.33%

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

Fiscal Year Ended	Total Levy for	Collected within the Fiscal Year of the Levy		Collections in	Total Collections to Date	
June 30	Fiscal Year	Amount	Percentage of Levy	Subsequent Years	Amount	Percentage of Levy
2016	$12,565,350	$12,517,067	99.62%	$ 18,469	$ 12,535,536	99.76%
2017	13,851,589	13,788,226	99.54%	26,723	13,814,949	99.74%
2018	13,808,723	13,762,477	99.67%	22,310	13,784,787	99.83%
2019	14,180,203	14,125,046	99.61%	21,121	14,146,167	99.76%
2020	16,343,188	16,208,101	99.17%	93,245	16,301,346	99.74%
2021	16,622,292	16,517,534	99.37%	69,302	16,586,836	99.79%
2022	16,932,773	16,874,844	99.66%	30,251	16,905,095	99.84%
2023	18,114,400	18,066,507	99.74%	23,136	18,089,643	99.86%
2024	20,118,690	20,062,728	99.72%	27,023	20,089,751	99.86%
2025	20,430,939	20,361,428	99.66%	-	20,361,428	99.66%

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

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

	Governmental Activities				Business-type				
Fiscal Year	Installment Financings	General Obligation Bonds	Lease Liabilities	Subscription Liabilities	Installment Financings	Total Primary Government	Per Capita	% of Per Capita Income	Population
2016	$ 6,602,865	$ 10,013,110	$ -	$ -	$ 128,636	$ 16,744,611	569	0.49%	29,431
2017	3,559,126	9,106,978	-	-	102,909	12,769,013	423	0.70%	30,207
2018	5,236,647	8,415,846	-	-	77,182	13,729,675	441	0.61%	31,158
2019	5,684,179	15,074,752	-	-	51,455	20,810,386	656	0.41%	31,737
2020	4,480,064	14,096,368	-	-	25,728	18,602,160	579	0.48%	32,144
2021	4,078,545	13,117,984	-	-	250,000	17,446,529	554	0.52%	31,489
2022	4,015,021	20,567,255	-	-	201,000	24,783,276	789	0.36%	31,393
2023	5,005,397	19,102,679	112,620	16,131	151,000	24,387,827	765	0.39%	31,872
2024	3,934,559	17,638,103	82,787	3,905	101,000	21,760,354	684	0.50%	31,792
2025	3,034,342	16,173,527	67,849	-	51,000	19,326,718	592	0.00%	32,632

Note 1: Details regarding the city's outstanding debt can be found in the Town's financial statements.
Note 2: Debt excludes LEO separation allowances and compensated absences.
Note 3: Population amounts are as of July 1 of the fiscal year.
Note 4: Percentage of Personal Income and per capita calculation are based on median household income from 2020 Census data.

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

Fiscal Year	General Obligation Bonds	Assessed Value	Ratio of Bonded Debt To Assess Value	Population	GO Debt Per Capita
2016	$ 10,013,110	$ 5,235,562,500	0.19%	29,431	340
2017	9,106,978	5,431,995,686	0.17%	30,207	301
2018	8,415,846	5,415,185,490	0.16%	31,158	270
2019	15,074,752	5,552,131,360	0.27%	31,737	475
2020	14,096,368	7,353,051,835	0.19%	32,144	439
2021	13,117,984	7,464,168,311	0.18%	31,489	417
2022	20,567,255	7,610,372,920	0.27%	31,393	655
2023	19,102,679	7,774,573,759	0.25%	31,872	599
2024	17,638,103	11,538,805,779	0.15%	31,792	555
2025	16,173,527	11,772,014,558	0.14%	32,632	496

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

Town of Cornelius
Direct and Overlapping Governmental Activities Debt
As of June 30, 2025

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Towns:			
Cornelius (1)	$ 19,326,718	100%	$ 19,326,718
Counties:			
Mecklenburg County (2)	2,227,019,212	4.00%	89,093,756
Total direct and overlapping debt	$ 2,246,345,930		$ 108,420,474

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

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

Town of Cornelius **Table 13**
Legal Debt Margin Information **Page 1 of 2**
Last Ten Fiscal Years

	2016	2017	2018	2019	2020
Assessed Value of Property	$5,235,562,500	$5,431,995,686	$5,415,185,490	$5,552,131,360	$7,353,051,835
Debt Limit, 8% of Assessed Value (Statutory Limitation)	418,845,000	434,559,655	433,214,839	444,170,509	588,244,147
Debt applicable to debt limitations:					
Total bonded debt	9,755,000	8,865,000	8,190,000	14,320,000	13,385,000
Debt not evidenced by bonds	6,602,865	3,559,126	5,236,648	5,684,179	4,505,791
Statutory Deductions	(9,755,000)	(8,865,000)	(8,190,000)	(14,320,000)	(13,385,000)
Total debt applicable to limitations	6,602,865	3,559,126	5,236,648	5,684,179	4,505,791
Legal debt margin	$ 412,242,135	$ 431,000,529	$ 427,978,191	$ 438,486,330	$ 583,738,356
Total net debt applicable to the limit as a percentage of debt limit	1.6%	0.8%	1.2%	1.3%	0.8%

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

Town of Cornelius
Legal Debt Margin Information
Last Ten Fiscal Years

Table 13

	2021	2022	2023	2024	2025
Assessed Value of Property	$7,464,168,311	$7,610,372,920	$7,774,573,759	$11,538,805,779	$11,772,014,558
Debt Limit, 8% of Assessed Value (Statutory Limitation)	597,133,465	608,829,834	621,965,901	923,104,462	941,761,165
Debt applicable to debt limitations:					
Total bonded debt	12,450,000	19,160,000	17,780,000	16,400,000	15,020,000
Debt not evidenced by bonds	4,328,545	4,216,021	5,156,397	4,035,559	3,085,342
Statutory Deductions	(12,450,000)	(19,160,000)	(17,780,000)	(16,400,000)	(15,020,000)
Total debt applicable to limitations	4,328,545	4,216,021	5,156,397	4,035,559	3,085,342
Legal debt margin	$ 592,804,920	$ 604,613,813	$ 616,809,504	$ 919,068,903	$ 938,675,823
Total net debt applicable to the limit as a percentage of debt limit	0.7%	0.7%	0.8%	0.4%	0.3%

Table 14

Town of Cornelius
Demographic and Economic Statistics
Last Ten Fiscal Years

Fiscal Year	Population	Total Personal Income *	Per Capita Personal Income**	School Enrollment***	Mecklenburg County Unemployment Rate****	Town Median Family Income*****
2016	29,431	Not Available	$ 49,511	146,140	4.9%	$ 82,698
2017	30,207	Not Available	42,627	146,571	4.0%	90,000
2018	31,158	Not Available	52,894	147,157	4.1%	84,277
2019	31,737	Not Available	50,524	148,299	3.7%	85,908
2020	32,144	Not Available	51,953	151,111	8.5%	88,366
2021	31,489	Not Available	54,875	144,882	4.9%	90,542
2022	31,393	Not Available	59,348	144,718	6.5%	90,377
2023	31,872	Not Available	62,977	143,054	3.4%	95,147
2024	31,792	Not Available	75,101	143,244	3.9%	107,969
2025	32,632	Not Available	81,937	141,699	4.0%	114,688

* United States Census Bureau
** Federal Agency Data: Bureau of the Census - US Statistical Abstract
*** Mecklenburg County School Systems
**** Mecklenburg County Unemployment Rate as of June 2024; Cornelius data unavailable
***** Claritas Market Statistics

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

Town of Cornelius
Principal Employers
Current Year and One Year Ago

	2025		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**
Charlotte Mecklenburg Schools	473	1	1.45%
The Peninsula Club	200	2	0.61%
Town of Cornelius	155	3	0.47%
Financial Independence Group Inc.	150	4	0.46%
Publix	150	5	0.46%
Autumn Care of Cornelius	140	6	0.43%
Home Depot	122	7	0.37%
Harris Teeter	100	8	0.31%
The Fresh Market	100	9	0.31%
Lake Norman Chrysler Jeep Dodge Ram	80	10	0.25%
	1,670		5.12%

	2024		
Employer	**Employees**	**Rank**	**Percentage of Total City Employment**
Charlotte Mecklenburg Schools	434	1	1.37%
Financial Independence Group Inc.	150	2	0.47%
Town of Cornelius	141	3	0.44%
The Peninsula Club	125	4	0.39%
Lake Norman Chrysler Jeep Dodge Ram	75	5	0.24%
Modern Nissan of Lake Norman	70	6	0.22%
Lake Norman Infiniti	60	7	0.19%
McDonald's	60	8	0.19%
Champion Tire & Wheel Inc.	50	9	0.16%
North Meck Animal Hospital	50	10	0.16%
	1,215		3.82%

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

Town of Cornelius **Table 16**
Full-time Equivalent Town Government Employees by Function **Page 1 of 2**
Last Ten Fiscal Years

	2016	2017	2018	2019	2020
Function					
General government	11	9	10	11	11
Police	67	69	69	71	71
Communications	10	10	10	10	10
Fire	0	0	0	0	0
Animal control	2	2	2	2	2
Public works	8	8	8	8	8
Stormwater	0	0	0	0	0
Parks and recreation	11	12	14	14	14
Planning	6	6	6	6	6
Total	115	116	119	122	122

Source: Town of Cornelius Budget

Town of Cornelius **Table 16**
Full-time Equivalent Town Government Employees by Function **Page 2 of 2**
Last Ten Fiscal Years

	2021	2022	2023	2024	2025
Function					
General government	11	11	11	12	13
Police	71	72	72	73	73
Communications	10	10	10	10	10
Fire	6	6	12	14	21
Animal control	2	2	2	2	2
Public works	8	8	8	8	8
Stormwater	0	0	0	1	1
Parks and recreation	14	14	15	15	15
Planning	6	6	6	6	6
Total	128	129	136	141	149

Town of Cornelius **Table 17**
Operating Indicators by Function **Page 1 of 2**
Last Ten Fiscal Years

	2016	2017	2018	2019	2020
Function					
Police					
Physical arrests	506	576	269	283	346
Traffic violations	3,109	4,117	3,667	3,153	3,395
Fire					
Number of calls answered	2,740	2,929	3,065	2,985	2,917
Highways and streets					
Town maintained streets (miles)	99.51	100.29	101.28	103.15	104.07
Culture and recreation					
Facility reservations issued	6,898	15,218	21,015	17,147	9,445
Event attendance	24,200	25,600	33,000	35,350	19,700

Sources: Various government departments.

NOTE: Indicators are not available for the general government function.
Additional detail not available
Effective FY 2017, Facility Reservations issued is for the number of hours reserved
Effective FY 2022, Event Attendance recorded registered programs, special events, and partnered program participation

Town of Cornelius **Table 17**
Operating Indicators by Function **Page 2 of 2**
Last Ten Fiscal Years

	2021	2022	2023	2024	2025
Function					
Police					
Physical arrests	296	315	345	404	335
Traffic violations	2,071	1,888	1,953	2,408	1,542
Fire					
Number of calls answered	3,081	3,407	3,547	3,236	3,359
Highways and streets					
Town maintained streets (miles)	106.13	107.02	108.38	108.57	110.46
Culture and recreation					
Facility reservations issued	17,000	22,000	21,300	20,026	23,868
Event attendance	38,000	66,516	78,000	108,505	111,173

Town of Cornelius **Table 18**
Capital Asset Statistics by Function **Page 1 of 2**
Last Ten Fiscal Years

	2016	2017	2018	2019	2020
Function					
Public safety					
Police stations	1	1	1	1	1
Fire stations	2	2	2	2	2
Highways and streets					
Streets (miles)	99.51	100.29	101.28	103.15	104.07
Traffic signals	16	17	17	17	17
Parks and recreation					
Parks acreage	370	433	450	450	450
Parks	14	14	14	14	14
Libraries	1	1	1	1	1

Data provided by Town Staff

Town of Cornelius **Table 18**
Capital Asset Statistics by Function **Page 2 of 2**
Last Ten Fiscal Years

	2021	2022	2023	2024	2025
Function					
Public safety					
Police stations	1	1	1	1	1
Fire stations	2	2	2	2	2
Highways and streets					
Streets (miles)	106.13	107.02	108.38	108.57	110.46
Traffic signals	17	17	17	17	17
Parks and recreation					
Parks acreage	450	450	450	450	450
Parks	14	14	15	15	15
Libraries	1	1	1	1	1


CORNELIUS
INC.
1905
NORTH CAROLINA

COMPLIANCE SECTION


CORNELIUS
INC.
1905
NORTH CAROLINA

MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.
"A Professional Association of Certified Public Accountants and Management Consultants"

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards)*, the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Town of Cornelius, North Carolina, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Town of Cornelius' basic financial statements, and have issued our report thereon dated December 3, 2025.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 3, 2025

MARTIN ♦ STARNES
& ASSOCIATES, CPAs, P.A.
"A Professional Association of Certified Public Accountants and Management Consultants"

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

Independent Auditor's Report

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

Report on Compliance for Each Major State Program

Opinion on Each Major State Program

We have audited the Town of Cornelius, North Carolina's compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the *Audit Manual for Governmental Auditors in North Carolina*, issued by the Local Government Commission, that could have a direct and material effect on each of the Town of Cornelius' major state programs for the year ended June 30, 2025. The Town of Cornelius' major state programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the Town of Cornelius complied, in all material respects, with the 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, 2025.

Basis for Opinion on Each Major State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States (*Government Auditing Standards*); the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and the State Single Audit Implementation Act. Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Town of Cornelius and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major state program. Our audit does not provide a legal determination of the Town of Cornelius' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Town of Cornelius' state programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material non-compliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Town of Cornelius' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance and the State Single Audit Implementation Act will always detect material non-compliance when it exists. The risk of not detecting material non-compliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Non-compliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about the Town of Cornelius' compliance with the requirements of each major state program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, the Uniform Guidance, and the State Single Audit Implementation Act, we:

- exercise professional judgment and maintain professional skepticism throughout the audit;
- identify and assess the risks of material non-compliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Town of Cornelius' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances;
- obtain an understanding of the Town of Cornelius' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State Single Audit Implementation Act, but not for the purpose of expressing an opinion on the effectiveness of the Town of Cornelius' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, non-compliance with a type of compliance requirement of a state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material non-compliance with a type of compliance requirement of a state program will

not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Martin Starnes & Associates, CPAs, P.A.

Martin Starnes & Associates, CPAs, P.A.
Hickory, North Carolina
December 3, 2025


CORNELIUS
INC.
1905
NORTH CAROLINA

TOWN OF CORNELIUS, NORTH CAROLINA

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2025

1. Summary of Auditor's Results

Financial Statements

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

State Awards

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

Identification of major state programs:

Program Name
Regional Economic Development Reserve

Auditee qualified as State low-risk auditee?	Yes

2. Financial Statement Findings

None reported

3. State Award Findings and Questioned Costs

None reported

TOWN OF CORNELIUS, NORTH CAROLINA

SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2025

None reported

TOWN OF CORNELIUS, NORTH CAROLINA

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
FOR THE YEAR ENDED JUNE 30, 2025

Federal/State Program Program Title	Federal Assistance Listing Number	State/ Pass-Through Grantor's Number	Fed. (Direct and Pass-Through) Expenditures	State Expenditures	Pass-through to Subrecipients
Federal Assistance					
U.S. Department of Justice:					
Direct Program:					
Equitable Sharing Program	16.922	NC0600400	$ 316,860	$ -	$ -
Total U.S. Department of Justice			316,860	-	-
Total Federal Assistance			$ 316,860	-	-
State Assistance					
North Carolina Department of Transportation					
Powell Bill		DOT-4		540,322	-
Total North Carolina Department of Transportation				540,322	-
North Carolina Office of State Budget and Management					
Regional Economic Development Reserve		11922		3,000,000	-
Total North Carolina Office of State Budget and Management				3,000,000	-
Total State Assistance				$ 3,540,322	$ -

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal and State Awards (SEFSA) includes the federal and state grant activity of the Town of Cornelius under the programs of the federal government and the state of North Carolina for the year ended June 30, 2025. The information in this SEFSA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and the State Single Audit Implementation Act. Because the Schedule presents only a selected portion of the operations of the Town of Cornelius, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of the Town of Cornelius.

Note 2 - Summary of Significant Accounting Policies

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

Note 3 - Indirect Cost Rate

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


CORNELIUS
INC.
1905
NORTH CAROLINA