



Town of Mooresville, North Carolina

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

Prepared By:
Finance Department

TOWN OF MOORESVILLE, NORTH CAROLINA
COMPREHENSIVE ANNUAL FINANCIAL REPORT
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INTRODUCTORY SECTION





Town of Mooresville
Finance Department
Post Office Box 878
Mooresville, North Carolina 28115
(704) 663-3800

October 18, 2019

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

It is our pleasure to submit the Town of Mooresville's Comprehensive Annual Financial Report for the fiscal year ending June 30, 2019. North Carolina law requires that all general-purpose local governments, including Mooresville, annually publish a complete set of financial statements that conform to both the generally accepted accounting principles (GAAP) and auditing standards. These statements were evaluated by a firm of licensed certified public accountants, and this report complies with those requirements.

The Comprehensive Annual Financial Report consists of management's representations concerning the finances of the Town, and as management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects. In order to confidently make this assertion, Town management put together framework for internal controls that were designed to protect Town assets from loss, theft, or misuse, while compiling sufficient and reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of any internal controls should not exceed anticipated benefits, the objective of the controls was to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

The Town's financial statements have been independently audited by Potter & Company, PA, a firm of licensed certified public accountants, who were brought in to provide reasonable assurance that the financial statements of the Town, for the fiscal year ending June 30, 2019, are free of material misstatement. The independent auditor concluded, based upon their audit, that the Town's financial statements for the fiscal year are in accordance with accounting principles generally accepted in the United States of America. The independent auditor's report is located at the front of the financial section in this report.

Generally Accepted Accounting Principles require 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 is designed to complement the MD&A and should be read in conjunction. The Town's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town of Mooresville is located in Iredell County, in the Piedmont region of North Carolina. Mooresville was established in 1873, after John Franklin Moore donated land for a depot and cotton-weighting platform, and the Town became a stop on the railroad's route from nearby Statesville to Charlotte.

The Town's geographical location has created diversified employment opportunities, ranging from financial, educational, medical, governmental, industrial and research enterprises. Mooresville is within 15 miles of three interstate highways and is approximately 23 miles from the Charlotte-Douglas International Airport. Interstate 77 passes through the Town, and Interstates 40 and 85 are within a 15-minute drive. Mooresville has experienced significant residential and commercial growth over the last decade, partly due to Lake Norman, the largest man-made lake in the state by surface area, with approximately 520 miles of shoreline.

The Town has a council-manager form of government, with the Board of Commissioners and Mayor formulating policy for the administration of the Town and acting as the governing body. The Mayor presides at all meetings but may cast a vote only in the case of a tie. The Mayor is elected in a non-partisan election to serve two-year terms, and Miles Atkins currently serves as the Mayor of Mooresville.

The Mayor Pro Tempore performs the duties of the Mayor in the Mayor's absence or disability. The Mayor Pro Tempore has no fixed term of office and is voted upon by the other members of the board. Thurman Houston currently serves as the Mayor Pro Tempore.

The six members of the Board of Commissioners are also elected in non-partisan elections but serve four-year terms. The Board appoints the Town Manager to serve as the Chief Administrative Officer of the Town, and he is responsible for implementing the policies of the Board of Commissioners, directing business and administrative procedures, and appointing departmental officers.

The Town of Mooresville provides a full range of services to its citizens, including police and fire protection, construction and maintenance of streets and other infrastructure, recreational activities, cultural events, and sanitation in the form of solid waste collection. The Town also owns and operates three cemeteries and a golf course. In addition to the services previously listed, the Town operates a water treatment and distribution system, as well as a wastewater treatment facility and collection system.

The annual budget serves as the foundation for the Town of Mooresville's financial planning and control. The North Carolina General Statutes require all governmental units, including the Town, adopt a balanced budget by July 1 of each year for all funds for which an annual budget is required. Activities of the Governmental, Proprietary and Fiduciary Funds are included in the annual appropriated budget. Project-length financial plans are adopted for Grant and Capital Project Funds. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by the department level within the funds.

Any increase or decrease in the original budget as adopted must be approved by the Town Board. The Town also maintains an encumbrance accounting system, which is used to reflect earmarked financial commitments and prevent overspending, as one technique to accomplish budgetary control. Encumbered amounts lapse at year end; however, outstanding encumbrances generally are re-appropriated as part of the following year's budget. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted.

Local Economy

The Town has been successful in attracting families and businesses to the area because of our diversified employment center, prestigious school systems and vast recreational activities. The infrastructure is in place to support future growth and development, and our revitalized downtown mixes true southern charm with thriving businesses that include shops, restaurants and the arts.

The Town is located on beautiful Lake Norman, which features water-related activities such as skiing, sailing, wake boarding, charter cruises and fishing. People move to Mooresville for the sense of community, the proximity to a large metropolitan area, the quality of the schools and the lakefront community. The Town's unemployment rate is 3.8 percent and the family median income is \$81,107, well above other comparable communities.

Like the national and state economy, the local economy continued to grow in fiscal year 2019, with both the number of new construction permits and the value of the estimated construction costs increasing from fiscal year 2018. Retail sales also swelled and resulted in an 8.07 percent increase in sales tax revenues over fiscal year 2018.

Also known as "Race City USA," the Town is home to numerous NASCAR teams and over a hundred, twenty racing-related industries. Companies that support the local racing industry range from engine manufacturers, to those who offer tours of racing companies and other activities. The community provides a catalyst for employment opportunities which serves specialized industries and highly trained individuals. Mooresville's Advance Manufacturing Initiative focuses on industries that require a skilled labor force, high-paying wages and advanced technology.

Several corporations have located to Mooresville for the availability of qualified workforce, quality of schools, nearby shopping and cultural attractions, climate and availability of medical services. The Town of Mooresville, Iredell County, and the Mooresville-South Iredell Economic Development Corporation are very pro-business, focusing on core sectors and planning for future business development. Our local economic development plans focus on the use of technology to improve products that are innovative and cutting-edge. The Town, in partnership with the South Iredell Economic Development Corporation, purchased a 476-acre tract of land, for a project named Mooresville Business Park East. NGK, which opened its doors in 1988, recently purchased 42 acres in the business park to build a new 293,000 square foot warehouse. The warehouse is the 16th expansion for NGK.

(continued on next page)



Corvid Technologies LLC, a provider of physics-based engineering solutions for the defense, automotive, aircraft and biomedical industries, built a new corporate headquarters in Mooresville creating 367 new jobs and representing a corporate investment of \$28.9 million. The project includes a four-story office building, and a data/laboratory center for high-performance computing, mechanics and prototyping labs. Once Corvid’s employment positions are filled, the annual payroll impact will be approximately \$40.5 million.

BestCo expanded its facilities to Mooresville in 1988, and the 40-acre campus is the site of a corporate headquarters, technologically advanced manufacturing plant, warehouse, and distribution facility. BestCo is a pioneer and leading innovator in the field of developing confectionery-based dosage forms for OTC drug products and dietary supplements. BestCo is expanding its campus to include a second-story addition to their offices, expanding the canteen, locker, and packaging areas, and adding new production lines. The expansion will create 141 new jobs and represent a corporate investment of \$47.6 million.

Mooresville has experienced steady growth in population and commercial activity over the past several years. The Board of Commissioners’ focus is to maintain a diversified tax base by strategic residential development, supporting businesses and attracting new companies into the community. The Town derives its economic profile from a diverse combination of business and employment centers, ranging from financial, educational, government, manufacturing, research and technology, healthcare and retail trade.

Five Year Sales Tax Revenue



Mooresville Accolades

The Town’s public safety services strive to not only protect the citizens of Mooresville but also to be the best in their field. The Mooresville Police Department is a nationally accredited police department through the Commission of Accreditation for Law Enforcement Agencies (CALEA), while Mooresville Fire-Rescue is the only North Carolina service with less than 100,000 residents to achieve the state’s highest possible inspection rating, ISO Class 1.

Sharp Awards



The Town of Mooresville’s Public Works Department was commended by North Carolina Labor Commissioner Cheri Berry for completing the Occupational Safety and Health Administration’s Safety & Health Achievement Recognition Program (SHARP) in November, and the Public Utilities Department followed with their own SHARP certification in March. Both departments worked closely with the Town’s Risk & Safety Management Department for the achievement, which is a voluntary program aimed at maintaining exemplary safety and health programs. The certification is accomplished through policy development, procedure implementation, equipment updates, and collaboration.

Distinguished Budget Presentation and Excellence in Financial Reporting Awards – 9 Years

The Town of Mooresville recently received its ninth Distinguished Budget Presentation Award from the Government Finance Officers Association (GFOA) for meeting the highest principles of governmental budgeting.

To receive the Distinguished Budget Presentation Award, Mooresville’s budget document had to satisfy nationally recognized guidelines for effective budget presentation and be rated ‘proficient’ as a policy document, financial plan, operations guide and communications device, along with fourteen mandatory criteria within those four categories. The GFOA’s Distinguished Budget Presentation Awards Program is the only national awards program in governmental budgeting.

For the Future

The Town of Mooresville's budget process begins in September with the development of the capital improvement plan (CIP). The CIP is a five-year forecasting tool that shows capital costs by function in each respective year of the forecast period. It's 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, and all expenditures exceeding \$50,000 or higher are also 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, Chief Financial Officer, Assistant Town Managers, Fire Chief and Police Chief) in February. The first review of the budget is presented to the Town Board in March, and the proposed budget is then reviewed and updated throughout the budget process until the Town Manager, as Budget Officer, makes a final budget presentation to the Board in May. The 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 and fee schedule for the year.

The appropriated budget is prepared by fund and adopted at the department level. Department heads may request that the Town Manager and Chief Financial Officer approve transfers among line items within a department and they may also approve transfers among line items between departments within a fund up to \$100,000. Transfers between funds require the approval of the Town Board. The Town Board receives monthly updates of all budget to actual comparison for all funds.

Specific to the fiscal year 2020 budget, the Town is working on several new projects associated with the Strategic Plan. The Strategic Plan contains six strategic goals to achieve desired objectives. Departments implement specific tactical actions to carry out the strategic goals, and several tactical actions are currently classified as "high priority," including reviewing and updating the Town Charter and Code of Ordinances, implementing the Diversity, Inclusion and Belonging Initiative, achieving the American Public Works Association Accreditation, updating and consolidating the Town's Comprehensive Land Use Plan, redeveloping the War Memorial Recreation Center, Liberty Park, and its adjacent property, and constructing the Mount Mourne Outfall.

Acknowledgments

The Town has participated in the Governmental Finance Officer Association (GFOA) Certificate of Achievement for Excellence in Financial Reporting Program since 2010. GFOA recognizes governmental units that issue their comprehensive annual financial report (CAFR) substantially in conformity with GAAP and all legal requirements. The Town has received this award for its comprehensive annual financial report since 2010.

A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate. The preparation of this report has been accomplished by the Town's Finance Department staff. The contributions of all are invaluable and clearly reflect the high standards we have set for ourselves.

It is also appropriate to thank the Mayor and members of the Town Board for making possible the excellent financial position of the Town through their interest and support in planning and conducting the financial affairs of the Town.

Respectfully submitted,



Ryan Rase
Interim Town Manager



Deborah B. Hockett
Chief Financial Officer



**TOWN OF MOORESVILLE, NORTH CAROLINA
LIST OF ELECTED AND APPOINTED PRINCIPAL OFFICIALS**

ELECTED OFFICIALS



Miles Atkins
Mayor



Thurman Houston
Mayor Pro Tempore
Commissioner Ward 2



Gary West
Commissioner at Large



Bobby Compton
Commissioner at Large



Eddie Dingler
Commissioner Ward 1



Barbara Whittington
Commissioner Ward 3



Lisa Qualls
Commissioner Ward 4

APPOINTED OFFICIALS

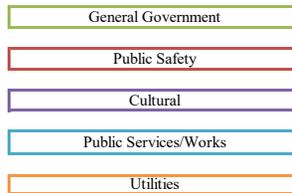
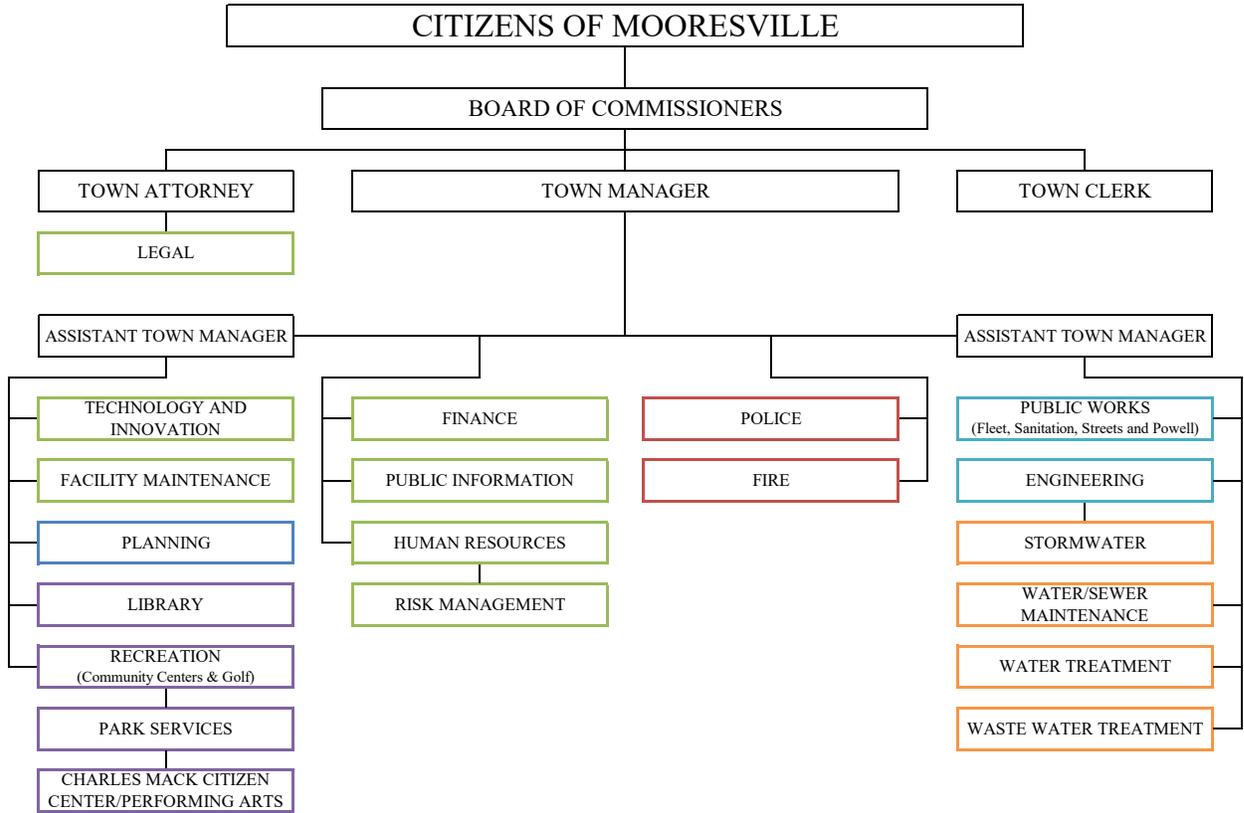
Ryan Rase
Interim Town Manager

Sharon Crawford
Town Attorney

Genevieve Miller
Town Clerk



TOWN OF MOORESVILLE, NORTH CAROLINA ORGANIZATIONAL CHART







Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

Town of Mooresville
North Carolina

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

June 30, 2018

Christopher P. Morill

Executive Director/CEO





FINANCIAL SECTION





INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor
And Members of the Town Council
Town of Mooresville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Town of Mooresville, North Carolina, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Mooresville ABC Board and the Mooresville Travel and Tourism Authority. Those statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Mooresville ABC Board and the Mooresville Travel and Tourism Authority, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Governmental Auditing Standards*, issued by the Comptroller of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement. The financial statements of Mooresville ABC Board and Mooresville Travel and Tourism Authority were not audited in accordance with *Governmental Auditing Standards*.

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

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

Opinions

In our opinion, based upon our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the Town of Mooresville, North Carolina, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 5-13, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 95 and 96, the Law Enforcement Officers' Special Separation Allowance Schedules of Changes in Total Pension Liability and Total Pension Liability as Percentage of Covered Payroll on pages 97 and 98, the Post Employment Benefits Schedule of Changes in the Total OPEB Liability and related Ratios on page 99, the ABC Board's Schedules of the Proportionate Share of Net Pension Liability (Asset), Contributions and Changes in the Total OPEB Liability and Related Ratios on pages 100-102 and the Firefighters' and Rescue Squad Workers' Pension Proportionate Share of Net Pension Liability and Contributions on pages 103 and 104 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We and the other auditors have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Mooresville, North Carolina's basic financial statements. The introductory section, combining and individual fund financial statements, budgetary schedules, other schedules, statistical section 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* and the State Single Audit Implementation Act are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements, budgetary schedules, other schedules and the schedule of expenditures of federal and state awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America by us and other auditors. In our opinion, based on our audit, the procedures performed as described above and the report of other auditors 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 as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 18, 2019 on our consideration of the Town of Mooresville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulation, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Town of Mooresville's internal control over financial reporting and compliance.

Potter and Company, P.A.

Mooresville, North Carolina

October 18, 2019



TOWN OF MOORESVILLE, NORTH CAROLINA MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the Town of Mooresville, we offer readers of the Town of Mooresville's financial statements this narrative overview and analysis of the financial activities of the Town of Mooresville for the fiscal year ended June 30, 2019. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

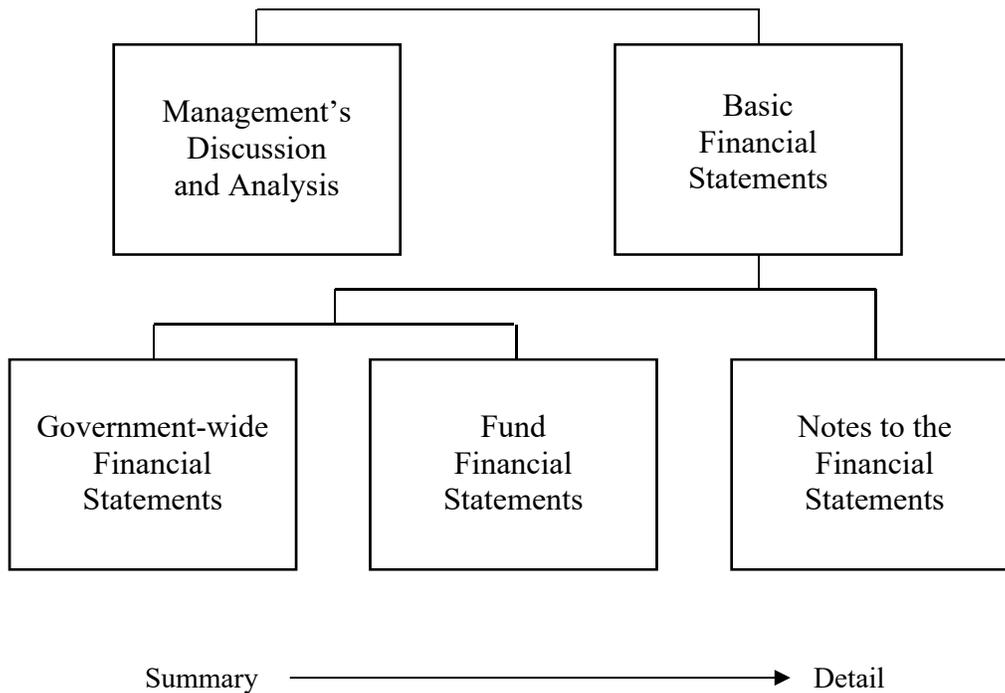
- The assets and deferred outflows of resources of the Town of Mooresville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$172,183,229 (*net position*).
- The government's total net position increased by \$21,858,669 during the year. The net position of the governmental activities increased by \$10,964,112 and the business-type activities increased by \$10,894,557.
- As of the close of the current fiscal year, the Town of Mooresville's governmental funds reported combined ending fund balances of \$55,582,038, an increase of \$14,163,856 in comparison with the prior year. Approximately 50 percent of this total amount or \$27,987,219 is non-spendable, restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$27,594,819 or approximately 43 percent of total general fund expenditures for the fiscal year.

Overview of the Financial Statements

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

(continued on next page)

Required Components of the Annual Financial Report
Figure 1



Basic Financial Statements

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

The next statements (Exhibits 3 through 9) are **Fund Financial Statements**. These statements focus on the activities of the individual parts of the Town's government. These statements provide more detail than the government-wide statements. There are three parts to the Fund Financial Statements: 1) the governmental funds statements; 2) the budgetary comparison statements; and 3) the proprietary fund statements.

The 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, **Required Supplementary 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.

(continued on next page)

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 it has 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 three categories: 1) governmental activities; 2) business-type activities; and 3) component units. The governmental activities include most of the Town's basic services such as public safety, parks and recreation, and general administration. Property taxes, sales taxes and restricted intergovernmental funds finance most of these activities. The business-type activities are those that the Town charges customers to provide. These include the water, sewer and stormwater services offered by the Town. The final categories are the component units. Although legally separate from the Town, the Mooresville ABC Board and the Mooresville Travel and Tourism Authority are important to the Town because the Town appoints the Board of Directors and therefore, imposes its will on programs, projects, activities and services provided. The ABC Board is required to distribute its profits to the Town. Net profit is collected by the Town quarterly and distributed as follows: 12.5% Iredell County, 25% Town of Mooresville – Public Parks, 35% Town of Mooresville and 27.5% Mooresville Graded School District. Occupancy tax dollars collected by local hotels are paid to the Town and distributed to the Mooresville Travel and Tourism Authority. A 3% administrative fee is retained by the Town on revenue collected up to \$500,000 and a 1% administrative fee is retained by the Town on revenue collected over \$500,000.

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

Fund Financial Statements

The fund financial statements 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 Mooresville, 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 North Carolina General Statutes or the Town's budget ordinance. All funds of Town of Mooresville can be divided into three categories: governmental, proprietary and agency funds.

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

The Town of Mooresville adopts an annual budget for its General Fund, as required by the North Carolina 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.

General Fund. This fund is the general operating fund of the Town. It is used to account for all financial resources except those that are required to be accounted for in another fund. Under GASB 54 guidance, the Capital Reserve Funds and Powell Bill Fund are consolidated in the General Fund.

Capital Projects Fund. This fund is used to account for street and sidewalk improvements, a golf course club house, recreational center improvements, greenway designs and park improvements.

Home/Trust/CDBG Fund. This fund is used to account for grant funds that are restricted for use for a particular purpose.

Enterprise Funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Town of Mooresville uses enterprise funds to account for its water and sewer and stormwater activities.

Utility Fund. This fund is used to account for the Town's water and wastewater operations.

Utility Capital Projects Fund. This fund is used to account for water and sewer line upgrades, pump stations, stormwater improvements and related equipment to complete these projects.

Utility Capital Reserve Fund. This fund is used to account for system development fees collected that will be used to recover capital costs incurred to provide system capacity to new users and protect existing customers from paying for future expansions through rates.

Stormwater Fund. This fund is used to account for the operations and maintenance of the Town's stormwater program which manages stormwater runoff through stream cleaning, bank stabilization, and maintenance of detention lakes and ponds.

Agency Funds. Agency Funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for assets the Town holds on behalf of others. The Town maintains the following Agency Funds: Mooresville Alcoholic Beverage Control and Mooresville Travel and Tourism Authority, both Component Units of the Town of Mooresville.

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 35 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 Mooresville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found beginning on page 95 of this report.

Government-wide Financial Analysis

The Town of Mooresville has converted its financial statements to comply with the model mandated by the Governmental Accounting Standards Board (GASB).

Town of Mooresville's Net Position
Figure 2

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Assets:						
Current and other assets	\$ 63,313,502	\$ 48,425,610	\$ 59,363,451	\$ 58,949,613	\$ 122,676,953	\$ 107,375,223
Capital assets	163,993,803	163,512,886	141,363,873	133,698,479	305,357,676	297,211,365
Total assets	227,307,305	211,938,496	200,727,324	192,648,092	428,034,629	404,586,588
Deferred outflows of resources	6,959,770	4,816,850	1,113,418	711,186	8,073,188	5,528,036
Total assets and deferred outflows of resources	234,267,075	216,755,346	201,840,742	193,359,278	436,107,817	410,114,624
Liabilities:						
Long-term liabilities outstanding	161,598,203	163,430,821	62,087,152	67,021,994	223,685,355	230,452,815
Other liabilities	16,937,815	15,488,655	8,447,600	7,282,924	25,385,415	22,771,579
Total liabilities	178,536,018	178,919,476	70,534,752	74,304,918	249,070,770	253,224,394
Deferred inflows of resources	12,422,969	5,491,894	2,430,849	1,073,776	14,853,818	6,565,670
Total liabilities and deferred inflows of resources	190,958,987	184,411,370	72,965,601	75,378,694	263,924,588	259,790,064
Net position:						
Net investment in capital assets	40,957,113	49,327,494	82,544,751	72,420,139	123,501,864	121,747,633
Restricted	11,851,451	9,041,728	-	-	11,851,451	9,041,728
Unrestricted	(9,500,476)	(26,025,246)	46,330,390	45,560,445	36,829,914	19,535,199
Total net position	\$ 43,308,088	\$ 32,343,976	\$ 128,875,141	\$ 117,980,584	\$ 172,183,229	\$ 150,324,560

As noted earlier, net position may serve over time as one useful indicator of a government's financial condition. The assets of the Town of Mooresville exceeded liabilities and deferred inflows by \$172,183,229 as of June 30, 2019. The Town's net position increased by \$21,858,669 for the fiscal year ended June 30, 2019. However, a large portion (72 percent) reflects the Town's net 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 Mooresville uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town of Mooresville's net investment in 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 Mooresville's net position, \$11,851,451 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$36,829,914 is unrestricted.

Several aspects of the Town’s financial operations influenced the total unrestricted governmental net position:

- Continued diligence in the collection of property taxes by maintaining a tax collection percentage of 99.22 percent, which exceeds the prior fiscal year state average of 98.03 percent.
- Increased investment earnings of \$1,038,214.
- Increased sales tax revenue of \$839,511 due to economic growth.
- Increased sales and charges for services of \$3,314,352.

Town of Mooresville’s Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$ 6,097,258	\$ 5,107,651	\$ 32,037,783	\$ 29,713,038	\$ 38,135,041	\$ 34,820,689
Operating grants and contributions	3,802,996	3,817,097	-	-	3,802,996	3,817,097
Total program revenues	9,900,254	8,924,748	32,037,783	29,713,038	41,938,037	38,637,786
General revenues:						
Property taxes, levied for general purpose	38,017,995	36,484,604	-	-	38,017,995	36,484,604
Other taxes	167,030	139,563	-	-	167,030	139,563
Grants and contributions not restricted to specific programs	15,899,557	14,838,582	-	-	15,899,557	14,838,582
Investment earnings	1,928,251	968,210	119,998	41,825	2,048,249	1,010,035
Reimbursement from joint agencies	7,867,152	6,978,569	-	-	7,867,152	6,978,569
Miscellaneous	1,299,710	1,026,984	-	-	1,299,710	1,026,984
Total general revenues	65,179,695	60,436,512	119,998	41,825	65,299,693	60,478,337
Total revenues	75,079,949	69,361,260	32,157,781	29,754,863	107,237,730	99,116,123
Expenses:						
Primary government:						
General government	11,991,919	11,707,662	-	-	11,991,919	11,707,662
Transportation	4,640,959	4,075,838	-	-	4,640,959	4,075,838
Public safety	21,956,310	21,341,828	-	-	21,956,310	21,341,828
Economic and physical development	7,598,228	9,846,479	-	-	7,598,228	9,846,479
Environmental protection	2,089,294	2,020,075	-	-	2,089,294	2,020,075
Cultural and recreation	11,871,663	10,573,718	-	-	11,871,663	10,573,718
Interest on long-term debt	3,967,464	5,053,693	-	-	3,967,464	5,053,693
Utility	-	-	21,263,224	19,625,372	21,263,224	19,625,372
Total expenses	64,115,837	64,619,293	21,263,224	19,625,372	85,379,061	84,244,665
Change in net position	10,964,112	4,741,967	10,894,557	10,129,491	21,858,669	14,871,458
Net position-beginning, previously reported	32,343,976	55,455,984	117,980,584	113,350,194	150,324,560	168,806,178
Restatement	-	(27,853,975)	-	(5,499,101)	-	(33,353,076)
Net position-beginning, restated	32,343,976	27,602,009	117,980,584	107,851,093	150,324,560	135,453,102
Net position - ending	\$ 43,308,088	\$ 32,343,976	\$ 128,875,141	\$ 117,980,584	\$ 172,183,229	\$ 150,324,560

Governmental Activities. Governmental activities increased the Town’s net position by \$10,964,112. Key elements of this increase are as follows:

- The Town recognized an increase in property taxes, sales tax and investment revenue while expenses also decreased.
- Increases in property taxes and sales tax were due to growth.
- Continued fiscal responsibility resulted in decreased expenses while maintaining services and providing improvements to parks and recreation centers.

Business-type Activities. Business-type activities increased the Town’s net position by \$10,894,557. Key elements of this increase are as follows:

- Operating revenues exceeded operating expenses by \$7,213,366 and interest income and availability/system development fees exceeded non-operating expenses by \$3,681,191. Customer water and sewer rates did not change from fiscal year 2018. The increase in revenues was primarily due to an increase in the demand for services. The number of customers increased while consumption remained stable.
- Total operating revenues in the Stormwater Fund exceeded operating expenses by \$1,117,085.

Financial Analysis of the Town’s Funds

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

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

As of the end of the current fiscal year, the Town of Mooresville’s governmental funds reported combined ending fund balances of \$55,582,038, an increase of \$14,163,856 in comparison with the prior year. Approximately 50 percent of this amount, \$27,594,819, constitutes unassigned fund balance which is available for spending at the government’s discretion. The remainder of fund balance is non-spendable, restricted, committed or assigned indicating that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of the Town of Mooresville. At the end of the current fiscal year, Town of Mooresville’s fund balance in the General Fund was \$39,888,262. As a measure of the General Fund’s liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 43 percent of total General Fund expenditures, and total fund balance represents 62 percent of that same amount.

At June 30, 2019, the governmental funds of Town of Mooresville reported a combined fund balance of \$55,582,038, a 34 percent increase over last year. The General Fund experienced a moderate 4.3 percent growth in Ad Valorem tax revenue, and a 8.1 percent growth in local option sales tax revenues.

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) increases in appropriations that become necessary to maintain services.

Revenues were more than the final budgeted amounts primarily because ad valorem taxes, sales tax and utility sales tax distributions exceeded budget projections. Expenditures were held in check as operating and capital expenditures were closely examined during the fiscal year.

Proprietary Funds. The Town of Mooresville’s proprietary funds provide the same type of information found in the government-wide statements but in more detail. Unrestricted net position of the Utility Fund at the end of the fiscal year amounted to \$46,330,390. The total change in net position for the Utility Fund was \$10,894,557. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town of Mooresville’s business-type activities.

Capital Asset and Debt Administration

Capital assets. The Town of Mooresville’s investment in capital assets for its governmental and business-type activities as of June 30, 2019, totals \$305,357,676 (net of accumulated depreciation). These assets include buildings, land and improvements, water and sewer lines, machinery and equipment, park facilities, vehicles and a cable system. Additional information regarding the Town of Mooresville’s capital assets can be found in note 2 of the Notes to the Financial Statements.

**Town of Mooresville’s Capital Assets
Figure 4**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$ 16,729,144	\$ 16,675,443	\$ 3,906,453	\$ 3,881,259	\$ 20,635,597	\$ 20,556,702
Buildings, equipment and vehicles	136,019,037	133,353,701	3,902,713	2,876,460	139,921,750	136,230,161
Water/Sewer treatment plants, equipment and lines	-	-	112,560,566	115,774,324	112,560,566	115,774,324
Construction in process	11,245,622	13,047,823	20,994,141	11,166,436	32,239,763	24,214,259
Total	\$ 163,993,803	\$ 163,076,967	\$ 141,363,873	\$ 133,698,479	\$ 305,357,676	\$ 296,775,446

Long-term Debt. As of June 30, 2019, the Town of Mooresville had total debt outstanding of \$169,715,016. Of this, \$40,420,000 is backed by the full faith and credit of the Town. The remainder of the Town’s governmental activities debt is secured by capital. Of the business type debt, \$7,547,655 is secured by capital and \$48,470,000 solely by specified revenue sources (e.g. revenue bonds).

**Town of Mooresville’s Outstanding Debt
Figure 5**

	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Direct Borrowing						
Installment loans	\$ 11,982,361	\$ 14,354,646	\$ 7,547,655	\$ 8,177,438	\$ 19,530,016	\$ 22,532,084
Limited obligation bonds	61,295,000	64,640,000	-	-	61,295,000	64,640,000
General obligation bonds	40,420,000	32,980,000	-	-	40,420,000	32,980,000
Revenue bonds	-	-	48,470,000	51,845,000	48,470,000	51,845,000
	\$ 113,697,361	\$ 111,974,646	\$ 56,017,655	\$ 60,022,438	\$ 169,715,016	\$ 171,997,084

Additional information regarding the Town of Mooresville’s long-term debt can be found in note 2 of the Notes to the Financial Statements.

Economic Factors and Next Year's Budget and Rates

The following key economic indicators are available for the Town:

- Sales tax distributions for the Town of Mooresville equaled \$11,236,571 in fiscal year 2019. This compares to \$10,397,060 in fiscal year 2018.
- Property valuation increased by approximately 4.4% due to growth and development.
- Iredell County revalued property in January 2019. This will be reflected in the next fiscal year.

Budget Highlights for the Fiscal Year Ending June 30, 2020:

Governmental Activities. Reflected in the General Fund budget is an assessed tax valuation of \$7,461,570,000. A revaluation occurred effective January 2019. Tax revenues should exceed 2019-2020 Approved Budget due to increased residential and commercial development within the town limits. The assessed value generates approximately \$740,039 per penny at a 99.18 percent collection rate. With a tax rate of \$.58, the valuation results in \$42,900,000 of revenue to fund General Fund operations – an increase of \$4,965,700 from fiscal year 2018-2019 Approved Budget. Growth contributed an additional \$1,134,300 in revenues. Revenues are adequate in order to meet the requirement of balancing expenditures to revenues.

Business-type Activities. Water and sewer rates remain at fiscal year 2014 levels. Based on the current collections and modest increase in utility customers, the 2019 adopted rates will continue to produce the level of revenue needed to support the Utility Fund. The Utility Fund revenues decreased by 9 percent compared to the fiscal year 2018-2019 approved Utility Fund budget. Prior to fiscal year 2018-2019, the System Development fees were budgeted in the Utility Fund. Beginning in fiscal year 2018-2019, the fees are budgeted in the Capital Reserve Fund. This Capital Reserve Fund budget reflects the adopted analysis and fee structure prepared by Willdan Financial Services to fulfill requirements for House Bill 436. These fees collected will be used to recover capital costs incurred to provide system capacity to new users and protect existing customers from paying for future expansions through rates. The Utility Fund budget does rely upon the appropriated earnings, or prior years' savings, in order to meet the requirement of balancing expenditures to revenues.

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 Chief Financial Officer, Town of Mooresville, PO Box 878, 413 North Main Street, Mooresville, NC 28115.





Government-Wide Financial Statements

TOWN OF MOORESVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
June 30, 2019

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Alcoholic Beverage Control Board	Mooresville Travel and Tourism Authority
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 32,248,785	\$ 38,642,033	\$ 70,890,818	\$ 1,861,511	\$ 828,174
Restricted cash and cash equivalents	20,107,968	15,556,619	35,664,587	-	-
Taxes receivable (net)	793,779	-	793,779	-	-
Accrued interest receivable on taxes	311,139	-	311,139	-	-
Accounts receivables (net)	418,424	4,742,018	5,160,442	-	-
Due from other governments	6,864,591	-	6,864,591	-	322,708
Due from component unit	353,416	-	353,416	-	-
Inventories	184,628	422,781	607,409	1,061,596	-
Security deposit	-	-	-	-	5,833
Prepaid expense	-	-	-	12,265	-
Total current assets	61,282,730	59,363,451	120,646,181	2,935,372	1,156,715
Noncurrent assets:					
Receivables	1,751,853	-	1,751,853	-	-
Property held for resale	278,919	-	278,919	-	-
Capital assets:					
Land and other non-depreciable improvements	27,974,766	24,900,594	52,875,360	661,345	1,358,341
Depreciable assets, net of depreciation	136,019,037	116,463,279	252,482,316	1,287,327	258,791
Total noncurrent assets	166,024,575	141,363,873	307,388,448	1,948,672	1,617,132
Total assets	227,307,305	200,727,324	428,034,629	4,884,044	2,773,847
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	6,551,077	1,032,336	7,583,413	63,697	-
OPEB deferrals	408,693	81,082	489,775	-	-
Total deferred outflows of resources	6,959,770	1,113,418	8,073,188	63,697	-
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	4,163,440	3,180,429	7,343,869	1,072,607	36,859
Deposits payable	-	36,254	36,254	-	-
Accrued interest payable	928,547	422,801	1,351,348	-	-
Current portion of long-term liabilities	11,460,228	4,582,484	16,042,712	-	2,124
Unearned revenue	186,770	-	186,770	-	-
Payable from restricted assets	198,830	225,632	424,462	-	-
Total current liabilities	16,937,815	8,447,600	25,385,415	1,072,607	38,983
Long-term liabilities:					
Due in more than one year	161,598,203	62,087,152	223,685,355	395,440	13,529
Total liabilities	178,536,018	70,534,752	249,070,770	1,468,047	52,512
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	469,122	60,543	529,665	339	-
OPEB deferrals	11,953,847	2,370,306	14,324,153	41,135	-
Total deferred inflows of resources	12,422,969	2,430,849	14,853,818	41,474	-
NET POSITION					
Net investment in capital assets	40,957,113	82,544,751	123,501,864	1,948,672	1,617,132
Restricted for:					
Stabilization by State Statute	7,410,610	-	7,410,610	-	328,541
Capital reserve (improvements)	2,545,898	-	2,545,898	134,299	-
Customer deposits	16,220	-	16,220	-	-
Supplemental Peg Channel Support	121,503	-	121,503	-	-
Working capital	-	-	-	406,055	-
Streets	799,573	-	799,573	-	-
Economic Development	452,036	-	452,036	-	775,662
Unspent donation funds	18,066	-	18,066	-	-
Public safety	487,545	-	487,545	-	-
Unrestricted	(9,500,476)	46,330,390	36,829,914	949,194	-
Total net position	\$ 43,308,088	\$ 128,875,141	\$ 172,183,229	\$ 3,438,220	\$ 2,721,335

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



**TOWN OF MOORESVILLE, NORTH CAROLINA
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019**

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Units	
					Governmental Activities	Business-type Activities		Alcoholic Beverage Control Board	Mooreville Travel and Tourism Authority
Primary government:									
Governmental activities:									
General government	\$ 11,991,919	\$ 511,444	\$ 79,992	\$ -	\$ (11,400,483)	\$ -	\$ (11,400,483)	\$ -	\$ -
Transportation	4,640,959	40,046	1,082,165	-	(3,518,748)	-	(3,518,748)	-	-
Public safety	21,956,310	889,658	552,052	-	(20,514,600)	-	(20,514,600)	-	-
Economic and physical development	7,598,228	-	146,149	-	(7,452,079)	-	(7,452,079)	-	-
Environmental protection	2,089,294	1,649,103	29,725	-	(410,466)	-	(410,466)	-	-
Cultural and recreation	11,871,663	3,007,007	1,912,913	-	(6,951,743)	-	(6,951,743)	-	-
Debt Service:									
Interest on long-term debt	3,967,464	-	-	-	(3,967,464)	-	(3,967,464)	-	-
Total governmental activities	64,115,837	6,097,258	3,802,996	-	(54,215,583)	-	(54,215,583)	-	-
Business-type activities:									
Utility	21,263,224	32,037,783	-	-	-	10,774,559	10,774,559	-	-
Total business-type activities	21,263,224	32,037,783	-	-	-	10,774,559	10,774,559	-	-
Total primary government	\$ 85,379,061	\$ 38,135,041	\$ 3,802,996	\$ -	\$ (54,215,583)	\$ 10,774,559	\$ (43,441,024)	\$ -	\$ -
Component units:									
ABC Board	\$ 12,612,343	\$ 12,504,064	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (108,279)	\$ -
Mooreville Travel and Tourism Authority	933,333	261	-	1,062,835	-	-	-	-	129,763
Total component units	\$ 13,545,676	\$ 12,504,325	\$ -	\$ 1,062,835	\$ -	\$ -	\$ -	\$ (108,279)	\$ 129,763
General revenues:									
Taxes:									
Property taxes, levied for general purpose					38,017,995	-	38,017,995	-	-
Other taxes					167,030	-	167,030	-	-
Grants and contributions not restricted to specific purposes					15,899,557	-	15,899,557	-	-
Unrestricted investment earnings					1,928,251	119,998	2,048,249	10,823	77
Reimbursement from joint agency					7,867,152	-	7,867,152	-	-
Miscellaneous					1,299,710	-	1,299,710	-	-
Total general revenues					65,179,695	119,998	65,299,693	10,823	77
Change in net position					10,964,112	10,894,557	21,858,669	(97,456)	129,840
Net position, beginning					32,343,976	117,980,584	150,324,560	3,535,676	2,591,495
Net position, ending					\$ 43,308,088	\$ 128,875,141	\$ 172,183,229	\$ 3,438,220	\$ 2,721,335







Fund Financial Statements



TOWN OF MOORESVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2019

	Major		Non-Major	Total
	General	Capital Projects Fund	Other Governmental Funds	
ASSETS				
Cash and cash equivalents	\$ 32,248,785	\$ -	\$ -	\$ 32,248,785
Restricted cash and cash equivalents	4,309,070	15,362,912	435,986	20,107,968
Taxes receivables, net	793,779	-	-	793,779
Accounts receivable, net	398,300	-	-	398,300
Due from other governments	5,816,206	1,032,335	16,050	6,864,591
Due from component unit	353,416	-	-	353,416
Inventories	184,628	-	-	184,628
Total assets	44,104,184	16,395,247	452,036	60,951,467
LIABILITIES				
Accounts payable and accrued liabilities	3,122,831	1,153,507	-	4,276,338
Payable from restricted assets	198,830	-	-	198,830
Total liabilities	3,321,661	1,153,507	-	4,475,168
DEFERRED INFLOWS OF RESOURCES				
Solid waste receivable	33,695	-	-	33,695
Property taxes receivable	793,779	-	-	793,779
Unavailable revenue	66,787	-	-	66,787
Total deferred inflows of resources	894,261	-	-	894,261
FUND BALANCES				
Non-spendable				
Inventories	184,628	-	-	184,628
Perpetual Maintenance	59,400	-	-	59,400
Restricted				
Stabilization by State Statute	7,410,610	-	-	7,410,610
Streets	799,573	-	-	799,573
Capital Reserve	2,545,898	-	-	2,545,898
Public Safety	487,545	-	-	487,545
Customer deposits	16,220	-	-	16,220
Supplemental Peg Channel Support	121,503	-	-	121,503
Economic Development	-	-	452,036	452,036
Unspent Donation Funds	18,066	-	-	18,066
Committed				
Recreation, buildings and grounds facility and telecommunication acquisition and improvements	-	15,241,740	-	15,241,740
Workers compensation and other insurance	650,000	-	-	650,000
Unassigned	27,594,819	-	-	27,594,819
Total fund balances	39,888,262	15,241,740	452,036	55,582,038
Total liabilities, deferred inflows of resources and fund balances	\$ 44,104,184	\$ 16,395,247	\$ 452,036	\$ 60,951,467

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

TOWN OF MOORESVILLE, NORTH CAROLINA
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
June 30, 2019

Amounts reported for governmental activities in the Statement of Net Position (Exhibit 1) are different because:

Total Fund Balance, Governmental Funds	\$	55,582,038
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds		
Gross capital assets at historical costs	\$	275,562,646
Accumulated depreciation		<u>(111,568,843)</u>
		163,993,803
Capital assets held for re-sale used in governmental activities are not financial resources and therefore are not reported in the funds		
		278,919
Net pension liability (LGERS)		
		(7,954,011)
Deferred outflows of resources related to pensions are not reported in the funds		
		6,551,077
Deferred outflows of resources related to OPEB are not reported in the funds		
		408,693
Interest rebate		
		18,672
Interest receivable		
		311,139
Receivable from other government		
		1,751,853
Interest payable		
		(928,547)
Annual leave accrual		
		(1,958,834)
OPEB liability		
		(38,248,474)
Total pension liability (LEO)		
		(3,109,557)
Liabilities for earned revenues considered deferred inflows of resources in fund statements		
General fund		821,841
Non-major fund		694,019
Loan receivable for deferred inflows of resources (net)		
		(694,019)
Bond issuance premiums (net)		
		(8,090,195)
Deferred inflows of resources related to pensions are not reported in the funds		
		(469,122)
Deferred inflows of resources related to OPEB are not reported in the funds		
		(11,953,847)
Some liabilities, including installment purchase contracts, are not due and payable in the current period and therefore are not reported in the funds.		
		(113,697,360)
Net position of governmental activities	<u>\$</u>	<u>43,308,088</u>

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

TOWN OF MOORESVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2019

	<u>Major</u>		<u>Non-Major</u>	<u>Total</u>
	<u>General Fund</u>	<u>Capital Projects Fund</u>	<u>Other Governmental Funds</u>	
REVENUES				
Ad Valorem taxes	\$ 38,166,595	\$ -	\$ -	\$ 38,166,595
Other taxes and licenses	167,030	-	-	167,030
Unrestricted intergovernmental	15,899,557	-	-	15,899,557
Restricted intergovernmental	4,156,847	799,321	146,149	5,102,317
Permits and fees	1,257,164	-	-	1,257,164
Sales and services	4,340,094	-	-	4,340,094
Investment earnings	1,757,852	170,402	-	1,928,254
Reimbursement from joint agency	7,867,152	-	-	7,867,152
Miscellaneous	328,017	-	-	328,017
Total revenues	<u>73,940,308</u>	<u>969,723</u>	<u>146,149</u>	<u>75,056,180</u>
EXPENDITURES				
Current:				
General government	11,084,843	100,807	-	11,185,650
Public safety	19,275,557	-	-	19,275,557
Transportation	2,822,916	-	-	2,822,916
Economic development	3,842,541	-	152,141	3,994,682
Environmental protection	1,596,860	-	-	1,596,860
Cultural and recreation	9,044,493	-	-	9,044,493
Capital outlay	3,901,831	7,444,065	-	11,345,896
Debt service:				
Principal	8,277,285	-	-	8,277,285
Interest and other charges	4,512,900	-	-	4,512,900
Total expenditures	<u>64,359,226</u>	<u>7,544,872</u>	<u>152,141</u>	<u>72,056,239</u>
Revenues over (under) expenditures	<u>9,581,082</u>	<u>(6,575,149)</u>	<u>(5,992)</u>	<u>2,999,941</u>
OTHER FINANCING SOURCES (USES)				
Issuance of 2019 General Obligation Bonds	-	10,982,435	-	10,982,435
Transfers from other funds	-	2,051,313	33,620	2,084,933
Transfers to other funds	(2,084,933)	-	-	(2,084,933)
Sale of capital assets	181,480	-	-	181,480
Total other financing sources (uses)	<u>(1,903,453)</u>	<u>13,033,748</u>	<u>33,620</u>	<u>11,163,915</u>
Net change in fund balances	7,677,629	6,458,599	27,628	14,163,856
Fund balances:				
Beginning of year	32,210,633	8,783,141	424,408	41,418,182
End of year	<u>\$ 39,888,262</u>	<u>\$ 15,241,740</u>	<u>\$ 452,036</u>	<u>\$ 55,582,038</u>

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

TOWN OF MOORESVILLE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2019

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

Net changes in fund balances - total governmental funds	\$	14,163,856
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlay expenditures which were capitalized	\$	11,345,895
Depreciation expense for governmental assets		(10,422,159)
Capital assets disposed of during the year, not recognized on modified accrual basis, net of cost/depreciation		<u>(163,900)</u>
		759,836
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in tax receivable		(49,668)
Change in interest income		(22,417)
Change in revenue for long term note receivable		(20,983)
Change in accounts receivable		(2,206)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal payments on long-term debt		8,277,285
New long-term debt issued		(10,000,000)
Increase in accrued interest payable		(2,974)
Change in reacquisition price and the net carrying amount of refunded debt		(354,048)
Change in deferred bond premium		(79,977)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences		(30,050)
Pension expense		(403,322)
OPEB plan expense		(1,123,032)
LEO Separation Allowance annual contribution		<u>(148,188)</u>
Total changes in net position of governmental activities	\$	<u><u>10,964,112</u></u>

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

TOWN OF MOORESVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For The Year Ended June 30, 2019

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive / (Negative)
REVENUES				
Ad Valorem taxes	\$ 37,010,000	\$ 37,010,000	\$ 38,166,595	\$ 1,156,595
Other taxes and licenses	120,000	120,000	167,030	47,030
Unrestricted intergovernmental	20,941,690	21,066,190	23,766,709	2,700,519
Restricted intergovernmental	2,258,295	2,353,215	2,640,561	287,346
Permits and fees	870,900	913,472	1,257,164	343,692
Sales and services	4,635,974	4,705,926	4,340,094	(365,832)
Investment earnings	400,000	400,000	1,738,438	1,338,438
Miscellaneous	250,163	249,758	328,017	78,259
Total revenues	<u>66,487,022</u>	<u>66,818,561</u>	<u>72,404,608</u>	<u>5,586,047</u>
EXPENDITURES				
Current:				
General government	16,704,558	17,079,449	15,490,585	1,588,864
Public safety	20,603,893	21,835,850	20,360,079	1,475,771
Transportation	2,988,477	3,036,707	2,727,620	309,087
Environmental protection	2,315,729	2,326,729	2,064,018	262,711
Cultural and recreation	11,225,253	11,278,608	9,827,784	1,450,824
Debt service:				
Principal retirement	8,277,287	8,277,287	8,277,285	2
Interest	4,513,205	4,514,505	4,512,900	1,605
Total expenditures	<u>66,628,402</u>	<u>68,349,135</u>	<u>63,260,271</u>	<u>5,088,864</u>
Revenues over (under) expenditures	<u>(141,380)</u>	<u>(1,530,574)</u>	<u>9,144,337</u>	<u>10,674,911</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	495,000	495,000	467,158	(27,842)
Transfers to other funds	(353,620)	(2,705,958)	(2,705,958)	-
Sale of capital assets	-	-	181,480	181,480
Total other financing sources (uses)	<u>141,380</u>	<u>(2,210,958)</u>	<u>(2,057,320)</u>	<u>153,638</u>
Fund balance appropriated	-	3,741,532	-	(3,741,532)
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>7,087,017</u>	<u>\$ 7,087,017</u>
Fund balances				
Beginning of year			<u>29,455,773</u>	
End of year			<u>\$ 36,542,790</u>	
Legally budgeted Capital Reserve, Capital Reserve-Sanitation and Powell Bill funds are consolidated into the General fund for reporting purposes:				
Capital Reserve-Sanitation fund:				
Solid waste fee			500,000	
Transfer to the General fund			(467,158)	
Capital Reserve fund:				
Transfer from the General fund			2,151,338	
Transfer to the General fund capital capital projects			(1,530,313)	
Powell Bill fund:				
Powell Bill distribution			1,016,286	
Interest income			19,414	
Operating expenditures			(218,299)	
Capital outlay			(880,656)	
Capital Reserve-Sanitation fund balance, beginning of year			43,370	
Capital Reserve- fund balance, beginning of year			1,848,662	
Powell Bill fund balance, beginning of year			862,828	
Fund balance, end of year (Exhibit 4)			<u>\$ 39,888,262</u>	

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

TOWN OF MOORESVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
PROPRIETARY FUND
June 30, 2019

	<u>Major</u> <u>Water and Sewer</u> <u>Fund</u>	<u>Non Major</u> <u>Stormwater</u> <u>Fund</u>	<u>Total</u>
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 36,446,756	\$ 2,195,277	\$ 38,642,033
Restricted cash and cash equivalents	15,556,619	-	15,556,619
Accounts receivable, net	3,988,479	331,751	4,320,230
Other receivables	421,788	-	421,788
Inventory	422,781	-	422,781
Total current assets	<u>56,836,423</u>	<u>2,527,028</u>	<u>59,363,451</u>
Noncurrent assets:			
Capital assets:			
Land, improvements and construction in progress	24,646,071	254,523	24,900,594
Other capital assets, net of depreciation	114,600,716	1,862,563	116,463,279
Total noncurrent assets	<u>139,246,787</u>	<u>2,117,086</u>	<u>141,363,873</u>
Total assets	<u>196,083,210</u>	<u>4,644,114</u>	<u>200,727,324</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	989,327	43,009	1,032,336
OPEB deferrals	81,082	-	81,082
Total deferred outflows of resources	<u>1,070,409</u>	<u>43,009</u>	<u>1,113,418</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	3,105,674	74,755	3,180,429
Customer deposits	36,254	-	36,254
Accrued interest payable	422,801	-	422,801
Compensated absences	285,522	8,934	294,456
Loans and revenue bonds payable	4,288,028	-	4,288,028
Payable from restricted assets	225,632	-	225,632
Total current liabilities	<u>8,363,911</u>	<u>83,689</u>	<u>8,447,600</u>
Noncurrent liabilities:			
Loans and revenue bonds payable	53,599,535	-	53,599,535
Total OPEB liability	7,104,963	-	7,104,963
Compensated absences	10,661	9,580	20,241
Net pension liability	1,303,730	58,683	1,362,413
Total noncurrent liabilities	<u>62,018,889</u>	<u>68,263</u>	<u>62,087,152</u>
Total liabilities	<u>70,382,800</u>	<u>151,952</u>	<u>70,534,752</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	78,302	(17,759)	60,543
OPEB deferrals	2,370,306	-	2,370,306
Total deferred inflows of resources	<u>2,448,608</u>	<u>(17,759)</u>	<u>2,430,849</u>
NET POSITION			
Net investment in capital assets	79,572,661	2,972,090	82,544,751
Unrestricted	44,749,550	1,580,840	46,330,390
Total net position	<u>\$ 124,322,211</u>	<u>\$ 4,552,930</u>	<u>\$ 128,875,141</u>

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

TOWN OF MOORESVILLE, NORTH CAROLINA
STATEMENT OF REVENUES, EXPENSES AND CHANGE IN NET POSITION
PROPRIETARY FUND
For The Year Ended June 30, 2019

	<u>Major</u> <u>Water and Sewer</u> <u>Fund</u>	<u>Non Major</u> <u>Stormwater</u> <u>Fund</u>	<u>Total</u>
OPERATING REVENUES			
Charges for sales and services	\$ 23,547,737	\$ 1,730,373	\$ 25,278,110
Other operating revenues	731,348	30,327	761,675
Total operating revenues	<u>24,279,085</u>	<u>1,760,700</u>	<u>26,039,785</u>
OPERATING EXPENSES			
Water and sewer administration	7,827,145	-	7,827,145
Water treatment	2,519,595	-	2,519,595
Wastewater treatment	3,127,530	-	3,127,530
Stormwater	-	460,935	460,935
Depreciation	4,708,534	182,680	4,891,214
Total operating expenses	<u>18,182,804</u>	<u>643,615</u>	<u>18,826,419</u>
Operating income	<u>6,096,281</u>	<u>1,117,085</u>	<u>7,213,366</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	119,998	-	119,998
Bank escrow fees	(5,940)	-	(5,940)
Interest expense	(2,651,509)	-	(2,651,509)
System development fees	5,997,998	-	5,997,998
Amortization of bond premium	220,644	-	220,644
Total nonoperating revenue (expenses)	<u>3,681,191</u>	<u>-</u>	<u>3,681,191</u>
Change in net position	<u>9,777,472</u>	<u>1,117,085</u>	<u>10,894,557</u>
Net position, beginning	114,544,739	3,435,845	117,980,584
Total net position, ending	<u>\$ 124,322,211</u>	<u>\$ 4,552,930</u>	<u>\$ 128,875,141</u>

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

TOWN OF MOORESVILLE, NORTH CAROLINA
STATEMENT OF CASH FLOWS
PROPRIETARY FUND
For The Year Ended June 30, 2019

	<u>Major</u>	<u>Non Major</u>	
	<u>Water and Sewer</u>	<u>Stormwater</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>	
Cash flows from operating activities:			
Cash received from customers	\$ 24,129,370	\$ 1,754,967	\$ 25,884,337
Cash paid for goods and services	(6,121,520)	(134,579)	(6,256,099)
Cash paid to or on behalf of employees for services	(5,993,801)	(349,375)	(6,343,176)
Customer deposits received, net of returns	60,444	-	60,444
Net cash provided by operating activities	<u>12,074,493</u>	<u>1,271,013</u>	<u>13,345,506</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(11,873,434)	(683,168)	(12,556,602)
Principal paid on long term debt	(4,004,782)	-	(4,004,782)
Interest paid on long term debt	(2,680,569)	-	(2,680,569)
Bank escrow fees	(5,940)	-	(5,940)
System development fees	5,997,998	-	5,997,998
Net cash used for capital and related financing activities	<u>(12,566,727)</u>	<u>(683,168)</u>	<u>(13,249,895)</u>
Cash flows from investing activities:			
Interest on investments	119,998	-	119,998
Net increase (decrease) in cash and cash equivalents	(372,236)	587,845	215,609
Cash and cash equivalents, July 1	52,375,611	1,607,432	53,983,043
Cash and cash equivalents, June 30	<u>\$ 52,003,375</u>	<u>\$ 2,195,277</u>	<u>\$ 54,198,652</u>
Reconciliation of operating income to net cash used for operating activities:			
Operating income	\$ 6,096,281	\$ 1,117,085	\$ 7,213,366
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	4,708,534	182,680	4,891,214
Changes in assets and liabilities:			
Decrease in accounts receivable	675,326	(5,733)	669,593
Increase in other receivables	(89,159)	-	(89,159)
Decrease in allowance for doubtful accounts	(708,230)	-	(708,230)
Increase in inventory	(70,435)	-	(70,435)
Increase in accounts payable and accrued expenses	1,130,314	(36,778)	1,093,536
Increase in customer deposits and advances	60,444	-	60,444
Increase in compensated absences	10,661	9,580	20,241
Decrease in deferred fees	(27,653)	-	(27,653)
Increase in deferred outflows of resources - pensions	(18,621)	(1,183)	(19,804)
Decrease in deferred outflows of resources - OPEB	1,376,877	-	1,376,877
Decrease in OPEB liability	(1,147,317)	-	(1,147,317)
Increase in OPEB contributions	(6,977)	-	(6,977)
Increase in pension contributions	(371,659)	(23,597)	(395,256)
Increase in net pension liability	456,107	28,959	485,066
Total adjustments	<u>1,269,678</u>	<u>(28,752)</u>	<u>1,240,926</u>
Net cash provided by operating activities	<u>\$ 12,074,493</u>	<u>\$ 1,271,013</u>	<u>\$ 13,345,506</u>

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

TOWN OF MOORESVILLE, NORTH CAROLINA
STATEMENT OF NET POSITION
AGENCY FUNDS
June 30, 2019

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 217,388
Accounts receivable	305,970
Total assets	523,358
 LIABILITIES	
Intergovernmental payable	523,358
Total liabilities	523,358
 NET POSITION	
Net position held in trust	\$ -

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





Notes to the Financial Statements



TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Town of Mooresville (Town) and its discretely presented component units conform to generally accepted accounting principles as applicable to governments. The following is a summary of the more significant accounting policies:

A. Reporting Entity

The Town of Mooresville is a municipal corporation that is governed by an elected mayor and a six-member board. As required by generally accepted accounting principles, these financial statements present the Town and its component units, legally separate entities. The discretely presented component units presented below are reported in separate columns in the Town's financial statements in order to emphasize that they are legally separate from the Town.

Discretely Presented Component Units

Mooresville ABC Board. The members of the Mooresville ABC Board's (ABC Board) governing board are appointed by the Town. In addition, the ABC Board is required by State statute to distribute its surpluses to the General Fund of the Town. The ABC Board, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the ABC Board may be obtained from the Mooresville Alcoholic Beverage Control Board, PO Box 1065, Mooresville, NC 28115.

Mooresville Travel and Tourism Authority. The Mooresville Travel and Tourism Authority (Authority) Board of Directors is appointed by the Town. By appointing the Board of Directors, the Town imposes its will on programs, projects, activities and services provided by the Authority. The Authority was chartered by S.L. 1988-112/House Bill 1568 of the 1998 session laws of the North Carolina General Assembly, effective August 20, 1998. The Authority is funded through the local hotel occupancy tax. The Town provides no financial support to the Authority and is not responsible for the debts or entitled to the surpluses of the Authority. The Authority has the power to approve its own budget and maintains its own accounting system. The Chief Financial Officer of the Town is the Ex-Officio Finance Director of the Authority. The Authority, which has a June 30 year-end, is presented as if it were a proprietary fund (discrete presentation). Complete financial statements for the Authority may be obtained from the Mooresville Travel and Tourism Authority, 129 Mecklynn Road, Suite C, Mooresville, NC 28117.

B. Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display information about the primary government and its component units. These statements include the financial activities of the overall government with the exception of the agency funds. The government-wide financial statements do not report internal balances and transfers between funds that are incorporated into the same activities column. Thus, interfund balances and transfers between two governmental funds or between two enterprise funds are not reported in the government-wide financial statements. Sometimes a separate eliminations column is used for this purpose in the fund financial statements. More commonly, the interfund balances and transfers are simply not carried forward to the government-wide presentation. 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.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

B. Basis of Presentation (cont'd)

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

Fund Financial Statements: The fund financial statements provide information about the Town's funds, including the agency funds. Separate statements for each fund category – *governmental, proprietary, and agency* – 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 non-major 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 sales for services. The primary expenditures are for public safety, street maintenance and construction, parks and recreation, and sanitation services. Under GASB 54 guidance the Capital Reserve Funds and Powell Bill Fund are consolidated in the General Fund. The budgetary comparison for the Powell Bill Fund and Capital Reserve Funds are included in the supplemental information.

Capital Projects Fund. This fund is used to account for streets and sidewalk improvements, a golf course club house, recreational center improvements, greenway designs and park improvements.

The Town reports the following non-major governmental fund:

Home/Trust/CDBG Fund. This fund is used to account for grant funds that are restricted for use for a particular purpose.

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

B. Basis of Presentation (*cont'd*)

The Town reports the following major enterprise funds:

Utility Fund. This fund is used to account for the Town's water and wastewater operations. Under GASB 54 guidance the Capital Reserve Fund is consolidated in the Utility Fund.

Utility Capital Projects Fund. This fund is used to account for water and sewer line upgrades, pump stations and related equipment and stormwater improvements.

Utility Capital Reserve Fund. This fund is used to account for system development fees collected that will be used to recover capital costs incurred to provide system capacity to new users and protect existing customers from paying for future expansions through rates.

The Town reports the following non-major enterprise fund:

Stormwater Fund. This fund is used to account for the operations and maintenance of the Town's stormwater program which manages stormwater runoff through stream cleaning, bank stabilization, and maintenance of detention lakes and ponds.

The Town reports the following fund type:

Agency Funds. These funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for the assets the Town holds on behalf of others. The Town maintains the following Agency Funds: Mooresville Travel and Tourism Authority and the Mooresville Alcoholic Beverage Control (component units of the Town of Mooresville).

Mooresville Travel and Tourism Authority – Occupancy tax dollars collected by local hotels are paid to the Town of Mooresville and distributed to Mooresville Travel and Tourism Authority. A 3% administrative fee is retained by the Town on revenue collected up to \$500,000. A 1% administrative fee is retained by the Town on revenue collected over \$500,000.

Mooresville Alcoholic Beverage Control Board – Net profit is collected by the Town quarterly and distributed as follows: 12.5% Iredell County, 25% Town of Mooresville – Public Parks, 35% Town of Mooresville and 27.5% Mooresville Graded School District.

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TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

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

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services.

The Town also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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

The Town considers all revenues available if they are collected within 90 days after year-end, except for property taxes. Ad Valorem taxes receivable are not accrued as revenue because the amount is not susceptible to accrual. At June 30, taxes receivable for property other than motor vehicles are materially past due and are not considered to be an available resource to finance the operations of the current year. 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.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

C. Measurement Focus and Basis of Accounting *(cont'd)*

Sales taxes and certain intergovernmental revenues, such as the utilities sales 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 Mooresville because the tax is levied by Iredell County and then remitted to and distributed by the State. Most intergovernmental revenues and sales and services are not susceptible to accrual because generally they are not measurable until received in cash. All taxes, including those dedicated for specific purposes are reported as general revenues rather than program revenues. Under the terms of grant agreements, the Town funds certain programs by a combination of specific cost-reimbursement grants, categorical block grants, and general revenues. Thus, when program expenses are incurred, there is both restricted and unrestricted net position available to finance the program. It is the Town's policy to first apply cost-reimbursement grant resources to such programs, followed by categorical block grants, and then 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, Powell Bill Fund, Capital Reserve Funds, Utility Fund and Stormwater Fund. All annual appropriations lapse at the fiscal year-end. Project ordinances are adopted for the Home/Trust/CDBG Fund, General Capital Projects Fund, and Utility Capital Projects Fund. The Powell Bill Fund and Capital Reserve Funds are consolidated with their respective operating fund for reporting purposes. 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 project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any department or project budget and 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 until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity *(cont'd)*

1. Deposits and Investments *(cont'd)*

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

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. The Mooresville ABC Board considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The bank deposits of the Mooresville Travel and Tourism Authority are essentially demand deposits and are considered cash and cash equivalents.

3. Restricted Assets

The unexpended bond proceeds of the General Capital Projects Fund and the Utility Capital Projects Fund issued by the Town are classified as restricted assets because their use is completely restricted to the purpose for which the bonds were originally issued. Customer deposits held by the Town before any services are supplied are restricted to the service for which the deposit was collected. Money in the Home/Trust/CDBG Fund and Capital Reserve Funds are classified as restricted assets because it is to be used for a particular purpose. Powell Bill funds are also classified as restricted cash because they 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.

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TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity (cont'd)

3. Restricted Assets (cont'd)

	<u>Restricted Cash</u>
Governmental activities:	
General fund	
LN Regional Traffic Commission	\$ 4,628
PAL program	7,692
Unspent donations	10,374
Customer deposits	16,220
Perpetual Maintenance	59,400
PEG Channel Funds	121,503
Cash bonds	124,330
In lieu of construction	119,982
Public Safety	185,574
LEO retirement account	301,972
Economic Development	435,986
Streets - Powell Bill	811,497
Capital reserve	2,545,898
Unexpended bond proceeds	15,362,912
Total governmental activities	<u>20,107,968</u>
Business-type activities:	
Water and Sewer fund	
Security deposits	1,721,766
Unexpended bond proceeds	2,068,023
Capital reserve	11,766,830
Total business-type activities	<u>15,556,619</u>
Total restricted cash	<u>\$ 35,664,587</u>

4. 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, interest does not accrue until the following January 6th. These taxes are based on the assessed values as of January 1, 2015.

5. Allowances for Doubtful Accounts

All receivables that historically experience uncollectible accounts are shown net of an allowance for doubtful accounts. This amount is estimated by analyzing the percentage of receivables that were written off in prior years.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity *(cont'd)*

6. Inventory and Prepaid Items

The inventories of the Town and the ABC Board are valued at average cost. The Town's General Fund inventory consists of three separate inventories. The golf course and park concessions inventory consist of goods held for resale whereas the warehouse inventory consists of expendable supplies that are recorded as expenditures as used rather than when purchased.

The inventory of the Town's Utility 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 are expensed as the items are used. The ABC Board has prepaid expenses of unexpired prepaid insurance premiums and payroll advances.

7. Capital Assets

Capital assets are defined by the Town as assets with an initial, individual cost greater than a specified amount and an estimated useful life greater than two years. Minimum capitalization thresholds are as follows: Land, \$100,000; Land Improvements, \$100,000; Infrastructures, \$100,000; Buildings/Structures and Equipment, Furniture, and Vehicles, \$5,000. Purchased or constructed capital assets are reported at cost or estimated historical cost. Donated capital assets received prior to June 15, 2015 are recorded at their estimated fair value at the date of donation. Donated capital assets received after June 15, 2015, are recorded at acquisition value. Certain items are recorded at an estimated original cost and are not material. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Infrastructure	15-50 years
Buildings/Structures	50 years
Improvements	4-30 years
Vehicles	3-6 years
Furniture, Equipment and Software	3-20 years

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(cont'd)*

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity *(cont'd)*

7. Capital Assets *(cont'd)*

Capital assets of the Mooresville Travel and Tourism Authority are carried at cost. All acquisitions of capital assets and all expenditures for repairs, maintenance, renewals and betterments that materially prolong the useful lives of assets are capitalized. Minimum capitalization costs are as follows: Land purchase, all costs, Leasehold improvements, \$1,000, and Computers, software, and IT equipment \$1,000. Maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently. Depreciation is computed using primarily the straight-line method as follows:

<u>Asset Class</u>	<u>Estimated Useful Life</u>
Furniture and Equipment	5-15 years
Leasehold Improvements	15 years
Computer Software	3 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, Deferred Outflows of Resources, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has three items that meets the criterion for this category – pension contributions in 2019 fiscal year, OPEB expense in 2019 fiscal year. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, Deferred Inflows of Resources, represents an acquisition of net position that applies to a future period and so will not be recognized as revenue until then. The Town has several items that meet the criterion for this category - property taxes receivable, solid waste receivable, deferrals of pension expense that result from the implementation of GASB Statement 68 and OPEB deferrals that result from the implementation of GASB Statement 75.

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TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity (*cont'd*)

9. Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method that approximates the effective interest method. Bonds payable are reported net of the applicable bond premiums or 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 fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

10. Compensated Absences

The vacation policy of the Town provides for the accumulation of up to 240 hours of vacation leave with such leave being fully vested when earned.

The holiday policy of the Town provides for the accumulation of up to 60 hours for Fire Department employees and 40 hours for all other employees with such leave being fully vested when earned.

For the Town's government-wide and proprietary funds, an expense and a liability for compensated absences and the salary-related payments are recorded as the leave is earned. The Town has assumed a first-in, first-out method of using accumulated compensated time. The portion of that time that is estimated to be used in the next fiscal year has been designated as current liability in the government-wide financial statements.

The vacation policy of the ABC Board provides for the accumulation of up to 12 hours of vacation leave from one calendar year to the next calendar year. Vacation is earned from the date of inception of employment. The current portion of the accumulated vacation pay is not considered to be material.

The vacation policy of the Authority provides for a range of ten to twenty days earned vacation leave based on years of employment. No vacation time will be paid out, sold or carried over from year to year. Since the Authority does not have any obligation for the accumulated vacation leave until it is actually taken, no accrual for vacation leave has been made.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity (cont'd)

10. Compensated Absences (cont'd)

Both the Town and the ABC Board's sick leave policies provide for an unlimited accumulation of earned sick leave. Sick leave does not vest, but any unused sick leave accumulated at the time of retirement may be used in the determination of length of service for retirement benefit purposes. Since neither the Town nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made.

The Authority's sick leave policy provides for 40 hours a year, and the unused hours carry over from year to year and are fully vested when earned. For the Authority's government-wide fund, an expense and a liability for these compensated absences and the salary-related payments are recorded as the leave is earned. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

11. 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 externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through state statute.

Fund Balances

In accordance with GASB 54, 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 (1) not in spendable form or (2) legally or contractually required to be maintained intact.

- Inventories – portion of fund balance that is not an available resource because it represents the year-end balance of ending inventories, which are not spendable resources.
- Perpetual maintenance – cemetery resources that are required to be retained in perpetuity for maintenance of the Town of Mooresville Cemeteries.

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TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity (*cont'd*)

11. Net Position/Fund Balances (*cont'd*)

Fund Balances (*cont'd*)

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

- Restricted for Stabilization by State Statute – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].
- Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.
- Restricted for capital reserve – portion of fund balance that is restricted for future capital projects and sanitation equipment.
- Restricted for Public Safety – Federal and State Asset Forfeiture Revenue and LEO retirement funds. The uses of asset forfeiture revenue are limited. The Department of Justice provides guidelines for local law enforcement agencies. The proceeds must be used to increase resources available to the law enforcement agency. Revenue cannot be used to replace resources. Assets funding the Separation Allowance for Law Enforcement Officers are classified as restricted in the General Fund because their use is completely restricted to fund future retirement costs.
- Restricted for customers deposits – portion of fund balance restricted for customer security deposits.
- Restricted for Supplemental Peg Channel Support – portion of fund balance restricted for the operation and support of the Town's qualifying Peg Channel.
- Restricted for Economic Development – portion of fund balance restricted for economic development [G.S. Chapter 159, Article 3, Part 2].
- Restricted for unspent donation funds – portion of fund balance that is restricted for donation money received but not spent.

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

Assigned Fund Balance – The portion of fund balance that the Town intends to use for specific purposes. The governing board has the authority to set aside funds for the intended use for a specific purpose. Any funds set aside for assigned fund balance requires a majority vote. The same action is required to change or remove the assignment.

- Assigned for subsequent year's expenditures and the portion of fund balance appropriated to balance the following year's budget.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*cont'd*)

E. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Fund Equity (*cont'd*)

11. Net Position/Fund Balances (*cont'd*)

Fund Balances (*cont'd*)

Unassigned Fund Balance – portion of fund balance that has not been restricted, committed, or assigned to specific purposes or other funds. The General Fund is the only fund that reports a positive unassigned fund balance amount.

The Town of Mooresville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Chief Financial Officer will use resources in the following hierarchy: bond proceeds, Federal funds, State funds, local non-town funds, 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 Chief Financial Officer has the authority to deviate from this policy if it is in the best interest of the Town.

The Town of Mooresville has also adopted a minimum fund balance policy for the general fund which instructs management to conduct the business of the Town in such a manner that available fund balance is at least equal to or greater than 20% of budgeted expenditures. Any portion of the general fund balance in excess of 20% of budgeted expenditures may be appropriated for one-time expenditures and may not be used for any purpose that would obligate the Town in a future budget.

12. Estimates

The Town, Authority, and ABC Board management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and reported revenues and expenses. Actual results could differ from those estimates.

13. Defined Benefit Cost-Sharing Plans

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

For purposes of measuring the net pension expense, information about the fiduciary net position of the Firefighters' and Rescue Squad Workers' Pension Fund (FRSWPF) and additions to/deductions from FRSWPF's fiduciary net position have been determined on the same basis as they are reported by FRSWPF. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS

A. Assets

1. Deposits

All the deposits of the Town, ABC Board and the Authority 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, ABC Board's or the Authority's agents in these units' names. 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, the ABC Board and the Authority, these deposits are considered to be held by the Town's, ABC Board's, and the Authority's agents in their names. 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, the ABC Board, the Authority or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town, the ABC Board and the Authority under the Pooling Method, the potential exists for under-collateralization. This risk may increase in periods of high cash flows. However, the State Treasurer of North Carolina enforces strict standards of financial stability for each depository that collateralizes public deposits under the Pooling Method. The Town, ABC Board and the Authority have 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, 2019, the Town's deposits had a carrying amount of \$8,499,814 and a bank balance of \$9,336,565. Of the bank balance, 100% was covered under the Pooling Method. The Town also carries a balance of \$3,525 in cash on hand. The carrying amount of deposits at a financial institution for the ABC Board was \$1,852,511 and the bank balance was \$1,693,526. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and \$1,443,526 in interest bearing deposits was covered by collateral held under the Pooling Method. At June 30, 2019, the ABC Board had \$9,000 cash on hand. At June 30, 2019, the Authority's deposits had a carrying amount of \$828,174 and a bank balance of \$845,771. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and \$595,771 was covered by collateral held by the State Treasurer's Pooling Method.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

A. Assets (cont'd)

2. Investments

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

Investment by Type	Valuation	Book	Maturity	Rating
	Measurement Method	Value at 6/30/2019		
NC Capital Management Trust-Government Portfolio	Fair Value Level 1	\$ 98,265,578	N/A	AAAm
NC Capital Management Trust-Term Portfolio	Fair Value Level 1	<u>3,870</u>	0.11 Years	Unrated
Total		<u>\$ 98,269,448</u>		

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

Interest Rate Risk. The Town has no formal policy regarding interest rate risk. As a means of limiting its exposure to fair value losses arising from rising interest rates, the Town's internal investment policy limits at least half of the Town's investment portfolio to maturities of less than 12 months.

Credit Risk. The Town has no formal policy regarding credit risk. The investment in the North Carolina Management Trust Government Portfolio carried a credit rating of AAAm by Standard & Poor's as of June 30, 2019. The Town's investment in the NC Capital Management Trust Term Portfolio is unrated. The Term Portfolio is authorized to invest in obligations of the U. S. government and agencies, and in high grade money market instruments as permitted under North Carolina General Statutes 159-30 as amended.

Custodial Credit Risk. For an investment, the custodial risk is the risk that in the event of failure of the counterparty, the Town will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Town has no formal policy on custodial credit risk.

Concentration of Credit Risk. The Town places no limit on the amount that the Town may invest in any one issuer.

The ABC Board considers all certificates of deposit with an original maturity of more than three months to be investments. At June 30, 2019, the ABC Board has no investments.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

A. Assets (cont'd)

3. Receivables – Allowance for Doubtful Accounts

The amount of taxes receivable presented in the Balance Sheet and the Statement of Net Position includes penalties levied and outstanding in the amount of \$48,364. Receivables at the government-wide level at June 30, 2019 were as follows:

	Accounts Receivable	Taxes and Related Accrued Interest	Due from Other Governments	Total
Governmental activities:				
General	\$ 418,424	\$ 1,486,232	\$ 6,864,591	\$ 8,769,247
Other governmental	353,416	-	-	353,416
Total receivables	771,840	1,486,232	6,864,591	9,122,663
Allowance for doubtful accounts	-	(381,314)	-	(381,314)
Total governmental activities	<u>\$ 771,840</u>	<u>\$ 1,104,918</u>	<u>\$ 6,864,591</u>	<u>\$ 8,741,349</u>
Business-type activities:				
Water and sewer	\$ 4,772,038	\$ -	\$ -	\$ 4,772,038
Stormwater	331,751	-	-	331,751
Allowance for doubtful accounts	(361,771)	-	-	(361,771)
Total business-type activities	<u>\$ 4,742,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,742,018</u>

Amounts due from governmental agencies consist of the following:

	Other Government	State	Total
Governmental activities:			
Sales and use tax distribution	\$ -	\$ 1,974,975	\$ 1,974,975
Utilities, franchise and telecommunication tax	7,494	780,000	787,494
Solid waste fees	11,074	-	11,074
Gross receipts	7,498	-	7,498
Sales tax refund	-	850,829	850,829
Property taxes	276,930	-	276,930
North Carolina Department of Transportation	-	17,099	17,099
Continuum	117	-	117
NC911 Allotment	-	8,608	8,608
Town of Davidson	47,410	-	47,410
Grant reimbursements	2,882,557	-	2,882,557
Total governmental activities	<u>\$ 3,233,080</u>	<u>\$ 3,631,511</u>	<u>\$ 6,864,591</u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

A. Assets (cont'd)

4. Capital Assets

Primary Government

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

	Beginning Balances	Increases	Decreases	Ending Balances
Government activities:				
Capital assets not being depreciated:				
Land	\$ 16,675,443	\$ 53,701	\$ -	\$ 16,729,144
Construction in progress	13,047,823	7,586,297	9,388,498	11,245,622
Total	29,723,266	7,639,998	9,388,498	27,974,766
Capital assets being depreciated:				
Buildings	47,005,453	5,977,946	-	52,983,399
Improvements	70,465,792	4,823,035	-	75,288,827
Equipment	13,453,615	826,468	209,199	14,070,884
Vehicles	18,542,695	1,473,946	1,224,701	18,791,940
Software	308,759	-	-	308,759
Cable system	86,144,071	-	-	86,144,071
Total	235,920,385	13,101,395	1,433,900	247,587,880
Less accumulated depreciation for:				
Buildings	12,018,310	986,718	-	13,005,028
Improvements	38,166,617	3,083,105	-	41,249,722
Equipment	8,483,046	1,303,317	202,711	9,583,652
Vehicles	12,645,497	1,577,171	1,217,289	13,005,379
Software	262,037	25,302	-	287,339
Cable system	30,991,177	3,446,546	-	34,437,723
Total accumulated depreciation	102,566,684	\$ 10,422,159	\$ 1,420,000	111,568,843
Total capital assets being depreciated, net	133,353,701			136,019,037
Governmental activity capital assets, net	\$ 163,076,967			\$ 163,993,803

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

Function / Program	Depreciation Expense
General government	\$ 594,206
Transportation	1,707,980
Public safety	1,623,566
Economic and physical development	3,446,546
Environmental protection	429,188
Cultural and recreational	2,620,673
Total depreciation expense	\$ 10,422,159

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Assets (cont'd)

4. Capital Assets (cont'd)

	Beginning Balances	Increases	Decreases	Ending Balances
Business type activities:				
Utility Fund:				
Capital assets not being depreciated:				
Land	\$ 3,881,259	\$ -	\$ -	\$ 3,881,259
Construction in progress	10,795,475	11,304,245	1,334,908	20,764,812
Total capital assets not being depreciated	14,676,734	11,304,245	1,334,908	24,646,071
Capital assets being depreciated:				
Water/Sewer Treatment Plants, equipment & lines	190,391,201	1,435,691	-	191,826,892
Equipment	9,279,982	477,174	166,975	9,590,181
Total capital assets being depreciated	199,671,183	1,912,865	166,975	201,417,073
Less accumulated depreciation for:				
Water/Sewer Treatment Plants, equipment & lines	76,021,118	4,152,800	-	80,173,918
Equipment	6,244,916	555,734	158,210	6,642,440
Total accumulated depreciation	82,266,034	4,708,534	158,210	86,816,358
Total capital assets being depreciated, net	117,405,149	(2,795,669)	8,765	114,600,715
Utility Fund capital assets, net	132,081,883	8,508,576	1,343,673	139,246,786
Stormwater Fund:				
Capital assets not being depreciated:				
Land	-	25,194	-	25,194
Construction in progress	370,961	191,357	332,989	229,329
Total capital assets not being depreciated	370,961	216,551	332,989	254,523
Capital assets being depreciated:				
Stormwater systems	587,379	390,689	-	978,068
Equipment	762,889	408,920	-	1,171,809
Total capital assets being depreciated	1,350,268	799,609	-	2,149,877
Less accumulated depreciation for:				
Stormwater systems	36,744	33,732	-	70,476
Equipment	67,889	148,948	-	216,837
Total accumulated depreciation	104,633	182,680	-	287,313
Total capital assets being depreciated, net	1,245,635	616,929	-	1,862,564
Stormwater Fund capital assets, net	1,616,596	833,479	332,989	2,117,087
Business-type activity capital assets, net	\$ 133,698,479	\$ 9,342,056	\$ 1,676,662	\$ 141,363,873

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

A. Assets (cont'd)

4. Capital Assets (cont'd)

Construction commitments:

The government has active construction projects as of June 30, 2019. At year-end, the government's commitments with contractors are as follows:

Project	Contract Amount	Spent-to-date	Remaining Commitment
Selma Burke Center Renovations	\$ 3,951,518	\$ 2,361,187	\$ 1,590,331
Mount Mourne Gravity Sewer	3,878,619	3,408,145	470,474
42 inch Sewer Line Extension	3,830,311	3,340,766	489,545
Mill Village Upgrades	3,491,422	2,956,759	534,663
West McLelland Avenue Improvements	3,080,272	808,157	2,272,115
Mill Village Street Improvements	2,387,875	1,687,459	700,416
Liberty Park	2,383,305	766,205	1,617,100
Faith Road / NC115 Improvements	2,308,903	195,243	2,113,660
Langtree Road / I-77 Sewer Project	2,270,480	1,734,306	536,174
NC115 / NC150 Improvements	1,999,216	903,499	1,095,717
Mill Village Stormwater Improvements	1,073,286	922,146	151,140
Northside Forcemain	859,000	351,212	507,788
NC801 / NC150 Improvements	702,336	192,963	509,373
2019 Water Main Replacement Project	495,596	-	495,596
New Mechanical System for Police Department	490,924	15,680	475,244
West Wilson Avenue Improvements	346,785	267,525	79,260
2019 Sewer Rehabilitation Project	292,105	-	292,105
Construction of New Stormwater Control Magnolia	255,438	86,962	168,476
Art Depot Renovation	149,154	15,791	133,363
Dye Creek Greenway	50,700	8,318	42,382
Golf Clubhouse Step Repair	47,324	18,573	28,751
Total	\$ 34,344,569	\$ 20,040,896	\$ 14,303,673

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TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

A. Assets (cont'd)

4. Capital Assets (cont'd)

Discretely presented component units:

Activity for the ABC Board for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 661,345	\$ -	\$ -	\$ 661,345
Capital assets being depreciated:				
Buildings	2,028,173	8,238	-	2,036,411
Land improvements	2,000	-	-	2,000
Furniture, fixtures & equipment	490,212	-	-	490,212
Paving	10,600	78,403	-	89,003
Total capital assets being depreciated	<u>2,530,985</u>	<u>86,641</u>	<u>-</u>	<u>2,617,626</u>
Less accumulated depreciation for:				
Buildings	840,582	52,905	-	893,487
Land improvements	1,154	133	-	1,287
Furniture, fixtures & equipment	405,574	15,866	-	421,440
Paving	10,600	3,485	-	14,085
Total accumulated depreciation	<u>1,257,910</u>	<u>\$ 72,389</u>	<u>\$ -</u>	<u>1,330,299</u>
Total capital assets being depreciated, net	<u>1,273,075</u>			<u>1,287,327</u>
ABC capital assets, net	<u>\$ 1,934,420</u>			<u>\$ 1,948,672</u>

Depreciation expense for the fiscal year ended June 30, 2019 amounted to \$72,389.

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TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

A. Assets (cont'd)

4. Capital Assets (cont'd)

Discretely presented component units:

Activity for the Authority for the year ended June 30, 2019, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,122,703	\$ 245,123	\$ 9,485	\$ 1,358,341
Capital assets being depreciated:				
Furniture and equipment	69,399	16,429	38,300	47,528
Leasehold improvements	259,080	-	6,944	252,136
Computer software	7,400	-	-	7,400
Total capital assets being depreciated	335,879	16,429	45,244	307,064
Less accumulated depreciation for:				
Furniture and equipment	38,281	7,462	29,577	16,166
Leasehold improvements	8,638	16,809	-	25,447
Computer software	6,660	-	-	6,660
Total accumulated depreciation	53,579	\$ 24,271	\$ 29,577	48,273
Total capital assets being depreciated, net	282,300			258,791
Authority capital assets, net	<u>\$ 1,405,003</u>			<u>\$ 1,617,132</u>

Depreciation expense for the fiscal year ended June 30, 2019 amounted to \$24,271.

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2019 were as follows:

	Vendors	Salaries & Benefits	Total
All governmental activities	\$ 3,158,823	\$ 1,004,617	\$ 4,163,440
Business-type activities:			
Water and sewer	\$ 2,948,888	\$ 156,786	\$ 3,105,674
Stormwater	67,094	7,661	74,755
Total business-type activities	\$ 3,015,982	\$ 164,447	\$ 3,180,429

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

Plan Description. The Town of Mooresville and the ABC Board are participating employers in the statewide Local Governmental Employees' Retirement System (LGERS), a cost-sharing multiple-employer defined benefit pension plan administered by the State of North Carolina. LGERS membership is comprised of general employees and local law enforcement officers (LEOs) of participating local governmental entities. Article 3 of G.S. Chapter 128 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members - nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and State Superintendent, who serve as ex-officio members. The Local Governmental Employees' Retirement System is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for LGERS. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 707-0500, or at www.osc.nc.gov.

Benefits Provided. LGERS provides retirement and survivor benefits. Retirement benefits are determined as 1.85% of the member's average final compensation times the member's years of creditable service. A member's average final compensation is calculated as the average of a member's four highest consecutive years of compensation. Plan members are eligible to retire with full retirement benefits at age 65 with five years of creditable service, at age 60 with 25 years of creditable service, or at any age with 30 years of creditable service. Plan members are eligible to retire with partial retirement benefits at age 50 with 20 years of creditable service or at age 60 with five years of creditable service (age 55 for firefighters). Survivor benefits are available to eligible beneficiaries of members who die while in active service or within 180 days of their last day of service and who have either completed 20 years of creditable service regardless of age (15 years of creditable service for firefighters and rescue squad members killed

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

a. Local Governmental Employees' Retirement System (cont'd)

in the line of duty) or have completed five years of service and have reached age 60. Eligible beneficiaries may elect to receive a monthly Survivor's Alternate Benefit for life or a return of the member's contributions. The plan does not provide for automatic post-retirement benefit increases. Increases are contingent upon actuarial gains of the plan.

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

Contributions. Contribution provisions are established by General Statute 128-30 and may be amended only by the North Carolina General Assembly. Town and ABC Board 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's contractually required contribution rate for the year ended June 30, 2019, was 8.50% of compensation for law enforcement officers and 7.80% 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. The ABC Board's rate was 8.25% of compensation for law enforcement officers and 7.84% for general employees, 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 and the ABC Board were \$1,935,782 and \$22,389, respectively for the year ended June 30, 2019.

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

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

a. Local Governmental Employees' Retirement System (cont'd)

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

At June 30, 2019, the Town and the ABC Board reported a liability of \$9,316,424 and \$65,477 respectively for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing update procedures incorporating the actuarial assumptions. The Town's and the ABC Board's proportion of the net pension liability was based on a projection of the Town's and the ABC Board's long-term share of future payroll covered by the pension plan, relative to the projected future payroll covered by the pension plan of all participating LGERS employers, actuarially determined. At June 30, 2019, the Town's and the ABC Board's proportion was 0.39271% and 0.00276% respectively, which was a decrease of .002440% and a decrease of 0.00030% respectively, from their proportion measured as of June 30, 2018.

For the year ended June 30, 2019, the Town recognized pension expense of \$473,328. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,437,303	\$ 48,229
Changes of assumptions	2,472,219	-
Net difference between projected and actual earnings on pension plan investments	1,278,868	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	14,401	338,996
Town contributions subsequent to the measurement date	1,935,782	-
Total	<u>\$ 7,138,573</u>	<u>\$ 387,225</u>

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

a. Local Governmental Employees' Retirement System (cont'd)

\$1,935,782 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 2,327,371
2020	1,517,452
2021	264,219
2022	706,524
2023	-
Thereafter	-
	\$ 4,815,566

For the year ended June 30, 2019, the ABC Board recognized pension expense of \$19,436. At June 30, 2019, the ABC Board 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	\$ 10,101	\$ 339
Changes of assumptions	17,375	-
Net difference between projected and actual earnings on pension plan investments	8,988	-
Changes in proportion and differences between ABC Board contributions and proportionate share of contributions	4,844	-
ABC Board contributions subsequent to the measurement date	22,389	-
Total	\$ 63,697	\$ 339

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

a. Local Governmental Employees' Retirement System (cont'd)

\$22,389 reported as deferred outflows of resources related to pensions resulting from ABC Board contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2019	\$ 19,141
2020	12,877
2021	2,958
2022	5,993
2023	-
Thereafter	-
	<u>\$ 40,969</u>

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	3.50 to 8.10 percent, including inflation and productivity factor
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

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

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

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

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

a. Local Governmental Employees' Retirement System (cont'd)

The projected long-term investment returns and inflation assumptions are developed through review of current and historical capital markets data, sell-side investment research, consultant whitepapers, and historical performance of investment strategies. Fixed income return projections reflect current yields across the U.S. Treasury yield curve and market expectations of forward yields projected and interpolated for multiple tenors and over multiple year horizons. Global public equity return projections are established through analysis of the equity risk premium and the fixed income return projections. Other asset categories and strategies' return projections reflect the foregoing and historical data analysis. These projections are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class as of June 30, 2018 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	1.4%
Global Equity	42.0%	5.3%
Real Estate	8.0%	4.3%
Alternatives	8.0%	8.9%
Credit	7.0%	6.0%
Inflation Protection	6.0%	4.0%
Total	100%	

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

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

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

a. Local Governmental Employees' Retirement System (cont'd)

Sensitivity of the Town's and the ABC Board's proportionate share of the net pension liability to changes in the discount rate.

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

	1% Decrease (6.00%)	Discount Rate (7.00%)	1% Increase (8.00%)
Town's proportionate share of the net pension liability (asset)	\$ 22,378,858	\$ 9,316,424	\$ (1,598,750)
ABC Board's proportionate share of the net pension liability (asset)	\$ 157,281	\$ 65,477	\$ (11,236)

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

b. Law Enforcement Officers Special Separation Allowance

Plan Description. The Town of Mooresville 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.

All full-time Town law enforcement officers are covered by the Separation Allowance. At December 31, 2017, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	83
Total	<u>90</u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

b. Law Enforcement Officers Special Separation Allowance (cont'd)

Summary of Significant Accounting Policies.

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

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

Actuarial Assumptions. The entry age actuarial cost method was used in the December 31, 2017 valuation. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement.

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation
Discount rate	3.64 percent

The discount rate used to measure the Total Pension Liability is the S&P Municipal Bond 20 Year High Grade Rate Index.

Contributions. The Town is required by Article 12D of G.S. Chapter 143 to provide these retirement benefits and has chosen to fund the amounts necessary to cover the benefits earned on a pay as you go basis through appropriations made in the General Fund operating budget. There are 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. The Town paid \$130,401 as benefits came due for the reporting period.

The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits.

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

b. Law Enforcement Officers Special Separation Allowance (cont'd)

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

At June 30, 2019, the Town reported a total pension liability of \$3,109,557. The total pension liability was measured as of December 31, 2018 based on a December 31, 2017 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2018 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2019, the Town recognized pension expense of \$148,188.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 259,998	\$ -
Changes of assumptions	118,597	142,440
Town benefit payments and plan administrative expense made subsequent to the measurement date	66,245	-
Total	<u>\$ 444,840</u>	<u>\$ 142,440</u>

\$66,245 paid as benefits came due and \$0 administrative expenses subsequent to the measurement date have been reported as deferred outflows of resources and will be recognized as a decrease of the total pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2020	\$ 48,474
2021	48,474
2022	48,474
2023	52,958
2024	33,342
Thereafter	4,433
	<u>\$ 236,155</u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

b. Law Enforcement Officers Special Separation Allowance (cont'd)

Sensitivity of the Town's total pension liability to changes in the discount rate. The following presents the Town's total pension liability calculated using the discount rate of 3.64 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.64 percent) or 1-percentage-point higher (4.64 percent) than the current rate:

	1% Decrease (2.64%)	Discount Rate (3.64%)	1% Increase (4.64%)
Total pension liability	\$ 3,383,971	\$ 3,109,557	\$ 2,858,691

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

	2019
Beginning balance	\$ 2,874,949
Changes for the year	
Service cost	138,775
Interest on the total pension liability	88,788
Changes of benefit terms	-
Differences between expected and actual experience	266,151
Changes of assumptions and other inputs	(128,705)
Benefit payments	(130,401)
Other changes	-
Ending balance of the total pension liability	<u>\$ 3,109,557</u>

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

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period January 1, 2010 through December 31, 2014.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

b. Law Enforcement Officers Special Separation Allowance (cont'd)

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

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

	LGERS	LEOSSA	Total
Pension Expense	\$ 473,328	\$ 148,188	\$ 621,516
Pension Liability	9,316,424	3,109,557	12,425,981
Proportionate share of the net pension liability	0.39271%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	1,437,303	259,998	1,697,301
Change of assumptions	2,472,219	118,597	2,590,816
Net difference between projected and actual earnings on plan investments	1,278,868	-	1,278,868
Changes in proportion and differences between contributions and proportionate share of contributions	14,401	-	14,401
Benefit payments and administrative costs paid subsequent to the measurement date	1,935,782	66,245	2,002,027
Deferred Inflows of Resources			
Differences between expected and actual experience	48,229	-	48,229
Change of assumptions	-	142,440	142,440
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	338,996	-	338,996

c. Supplemental Retirement Income Plan for Law Enforcement Officers

Plan Description. The Town and the ABC Board contribute to the Supplemental Retirement Income Plan (Plan), a 401(k) 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 Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes the pension trust fund financial statements for the Internal Revenue Code Section 401(k) plan that includes the Supplemental Retirement Income Plan. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 707-0500.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

c. Supplemental Retirement Income Plan for Law Enforcement Officers (cont'd)

Funding Policy. Article 12E of G.S. Chapter 143 requires the Town to contribute each month an amount equal to five percent of each sworn law enforcement officer's salary, and all amounts contributed are vested immediately. The Town and the ABC Board has elected to extend this benefit to all of its full and part-time employees who are eligible. Also, employees may make voluntary contributions to the Plan. Town contributions for the year ended June 30, 2019 were \$966,365 for non-law enforcement and \$252,890 for law enforcement employees. ABC Board contributions for the year ended June 30, 2019 were \$13,350 for non-law enforcement.

d. Firemen's and Rescue Squad Workers' Pension Fund

Plan Description. The State of North Carolina contributes, on behalf of the Town of Mooresville, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the Fund. Article 86 of G.S. Chapter 58 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 the State Superintendent, who serve as ex-officio members. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Firemen's and Rescue Squad Workers' Pension Fund. 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) 707-0500, or at www.osc.nc.gov.

Benefits Provided. FRSWPF provides retirement and survivor benefits. The present retirement benefit is \$170 per month. Plan members are eligible to receive the monthly benefit at age 55 with 20 years of creditable service as a firefighter or rescue squad worker and have terminated duties as a firefighter or rescue squad worker. Eligible beneficiaries of members who die before beginning to receive the benefit will receive the amount paid by the member and contributions paid on the member's behalf into the plan. Eligible beneficiaries of members who die after beginning to receive benefits will be paid the amount the member contributed minus the benefits collected.

Contributions. The Town contributes \$10 per month for each plan member to the Fund. The Town's contributions totaled \$8,160 in fiscal year 2019. The State, a non-employer contributor, funds the plan through appropriations. Contribution provisions are established by General Statute 58-86 and may be amended only by the North Carolina General Assembly. For the fiscal year ending June 30, 2018, the State contributed \$17,952,000 to the plan. The Town's proportionate share of the State's contribution is \$39,943.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

d. Firemen's and Rescue Squad Workers' Pension Fund (cont'd)

Refunds of Contributions. Plan members who are no longer eligible or choose not to participate in the plan may file an application for a refund of their contributions. Refunds include the member's contributions and contributions paid by others on the member's behalf. No interest will be paid on the amount of the refund. The acceptance of a refund payment cancels the individual's right to employer contributions or any other benefit provided by FRSWPF.

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

At June 30, 2019, the Town reported no liability for its proportionate share of the net pension liability, as the State provides 100% pension support to the Town through its appropriations to the FRSWPF. The total portion of the net pension liability that was associated with the Town and supported by the State was \$108,670. The net pension liability was measured as of June 30, 2018. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2017. The total pension liability was then rolled forward to the measurement date of June 30, 2018 utilizing 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 contributions to the pension plan relative to the projected contributions of all participating employers. As the Town is not projected to make any future contributions to the plan, its proportionate share at June 30, 2018 and at June 30, 2017 was 0%.

For the year ended June 30, 2019, the Town recognized pension expense of \$30,903 and revenue of \$30,903 for support provided by the State. At June 30, 2019, the Town reported no deferred outflows of resources and no deferred inflows of resources related to pensions.

Actuarial Assumptions. The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.00 percent
Salary increases	Not applicable
Investment rate of return	7.00 percent, net of pension plan investment expense, including inflation

For more information regarding actuarial assumptions, including mortality tables, the actuarial experience study, the consideration of future ad hoc COLA amounts, the development of the projected long-term investment returns, and the asset allocation policy, refer to the discussion of actuarial assumptions for the LGERS plan in Section a. of this note.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

d. Firemen's and Rescue Squad Workers' Pension Fund (cont'd)

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

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

e. Pension Plan Obligations

The Authority contributed to a SIMPLE IRA plan during the year ended June 30, 2019. The plan provides retirement benefits to employees of the Authority. Member and employer contributions of \$3,503 and \$2,946 were made to the SIMPLE IRA plan during the year ended June 30, 2019 and 2018, respectively.

f. Other Post Employment Benefits

Healthcare Benefits

Plan Description. Under the terms of a Town resolution, the Town administers a single-employer defined benefit Healthcare Benefits Plan (the HCB Plan). The Town Board has the authority to establish and amend the benefit terms and financing requirements. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement 75.

Benefits Provided. The Town provides post employment healthcare benefits to retirees of the Town, provided they participate in the North Carolina Local Governmental Employees' Retirement System. Retirees contribute to the cost of his/her coverage based on years of service at retirement. With 20 – 25 years of service, the retiree pays 50% of the premium. With 26-29 years of service, the retiree pays 25% of the premium. With 30 or more years of service or at age 60 with 25 years of service, the retiree receives health benefits at no charge. Also, the Town's retirees can purchase coverage for dependents at the Town's group rates. Retirees who qualify for coverage receive the same benefits as active employees. Coverage for all retirees who are eligible for Medicare will be transferred to a Medicare Supplemental plan after qualifying for Medicare. Employees hired after February 4, 2013 are not eligible for post-employment healthcare benefits from the Town. The Town Board may amend the benefit provisions. A separate report was not issued for the plan.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

f. Other Post Employment Benefits (cont'd)

Healthcare Benefits (cont'd)

Retired Employees' Years of Creditable Service	Date Hired	
	Feb. 4, 2013 and prior	After Feb. 4, 2013
20 - 25 years	50% coverage paid for by Town	Not eligible for coverage
26 - 29 years	75% coverage paid for by Town	Not eligible for coverage
30 + years or age 60 with 25 years	Full coverage paid for by Town	Not eligible for coverage

Membership of the Town's medical plan consisted of the following at June 30, 2018, the date of the latest actuarial valuation:

	Law	
	General Employees	Enforcement Officers
Retirees and dependents receiving benefits	57	10
Active plan members	219	47
Total	276	57

Total OPEB Liability. The Town's total OPEB liability of \$45,353,437 was measured as of June 30, 2018 and was determined by an actuarial valuation as of that date.

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

Inflation	2.50 percent
Salary increases	3.50 - 7.75 percent including inflation
Discount rate	3.89 percent
Healthcare cost trend rates	Pre-Medicare - 7.25 percent Medicare - 5.50 percent Dental - 4.00 percent Vision - 2.50 percent

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-year Municipal Bond Index published by The Bond Buyer.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

f. Other Post Employment Benefits (cont'd)

Healthcare Benefits (cont'd)

Changes in the Total OPEB Liability

	2019
Beginning Balance	\$ 52,289,488
Changes for the year	
Service cost	2,180,797
Interest	1,851,348
Changes of benefit terms	-
Differences between expected and actual experience	(6,547,183)
Changes in assumptions or other inputs	(3,845,355)
Benefit payments	(575,658)
Net changes	(6,936,051)
Ending Balance of the Total OPEB Liability	\$ 45,353,437

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

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

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an actuarial experience study for the period January 2010 through December 2014.

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

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	\$ 56,196,844	\$ 45,353,437	\$ 37,129,681

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

f. Other Post Employment Benefits (cont'd)

Healthcare Benefits (cont'd)

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

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
	PreMedicare - 6.25%, Medicare - 4.50%, Dental - 3.00%, Vision - 1.50%	PreMedicare - 7.25%, Medicare - 5.50%, Dental - 4.00%, Vision - 2.50%	PreMedicare - 8.25%, Medicare - 6.50%, Dental - 5.00%, Vision - 3.50%
Total OPEB liability	\$ 36,234,070	\$ 45,353,437	\$ 57,741,538

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

For the year ended June 30, 2019, the Town recognized OPEB expense of \$1,345,615. At June 30, 2019, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 5,735,133
Changes of assumptions	-	8,589,020
Benefit payments and administrative costs made subsequent the measurement date	489,775	-
Total	<u>\$ 489,775</u>	<u>\$ 14,324,153</u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

f. Other Post Employment Benefits (cont'd)

Healthcare Benefits (cont'd)

\$489,776 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (2,068,693)
2020	(2,068,693)
2021	(2,068,693)
2022	(2,068,693)
2023	(2,068,693)
Thereafter	(3,980,688)
	<u>\$ (14,324,153)</u>

g. ABC Board Healthcare Benefits Plan

Healthcare Benefits

Plan Description. Under the terms of an ABC Board resolution, the ABC Board administers a single-employer defined benefit, Healthcare Benefits Plan (the HCB Plan). As of July 1, 2007, this plan provides postemployment healthcare benefits to retirees of the ABC Board, provided they participate in the North Carolina Local Government Employees' Retirement System (System) and have at least twenty years of creditable service with the ABC Board and are at least fifty-five years old. The ABC Board will pay 50% of the cost of coverage for employees with twenty years of service and who have attained age fifty-five. The ABC Board will pay 75% of the cost of coverage for employees with at least twenty-five years of service and who have attained age fifty-five. The ABC Board will pay 100% of coverage for employees with at least 30 years of service and who have attained age fifty-five. The ABC Board pays these benefits through private insurers. The ABC Board's retirees cannot purchase spouse or dependent coverage.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

g. ABC Board Healthcare Benefits Plan (cont'd)

Healthcare Benefits (cont'd)

Membership of the HCB plan consisted of the following at June 30, 2019:

Schedule of Plan Participation	
	2019
Retired members	-
Active plan members	4
	4

Funding Policy. The ABC Board pays the full cost of coverage for the healthcare benefits paid to qualified retirees under an ABC Board resolution that can be amended by the ABC Board. The ABC Board has chosen to fund the healthcare benefits on a pay-as-you-go basis.

Total OPEB Liability. The ABC Board's total OPEB liability of \$327,976 was measured as of June 30, 2017 and was determined by an actuarial valuation as of that date.

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

Inflation	2.50%
Salary increases	3.50 - 7.75% including wage inflation
Discount rate	3.89%
Healthcare cost trend rates	Pre-Medicare - 7.50% for 2017 Medicare - 5.50% for 2017

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

Changes in the Total OPEB Liability

	2019
Beginning Balance	\$ 327,976
Changes for the year:	
Service cost	10,278
Interest	11,676
Changes in assumptions or other inputs	(19,967)
Net changes	1,987
Ending Balance of the Total OPEB Liability	\$ 329,963

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

g. ABC Board Healthcare Benefits Plan (cont'd)

Healthcare Benefits (cont'd)

Changes in assumptions and other inputs reflect a change in the Municipal Bond Index Rate from 3.56% to 3.89%.

The discount rate used to measure the total OPEB liability was based on the June average of the Bond Buyer General Obligation 20-Year Municipal Bond Index published weekly by The Bond Buyer.

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

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

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

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

	1% Decrease (2.89%)	Discount Rate (3.89%)	1% Increase (4.89%)
Total OPEB liability	\$ 395,541	\$ 329,963	\$ 277,825

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

	1% Decrease	Discount Rate	1% Increase
Total OPEB liability	\$ 270,112	\$ 329,963	\$ 406,665

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

2. Pension Plan and Postemployment Obligations (cont'd)

g. ABC Board Healthcare Benefits Plan (cont'd)

Healthcare Benefits (cont'd)

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

For the year ended June 30, 2019, the ABC Board recognized OPEB expense of \$13,026. At June 30, 2019, the ABC Board 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
Changes of assumptions or other inputs	\$ -	\$ 41,135
Total	\$ -	\$ 41,135

\$0 reported as deferred outflows of resources related to OPEB resulting from benefit payments made and administrative expenses incurred subsequent to the measurement date will be recognized as a decrease of the total OPEB liability in the year ended June 30, 2020. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2019	\$ (8,928)
2020	(8,928)
2021	(8,928)
2022	(8,928)
2023	(4,626)
Thereafter	(797)
	<u>\$ (41,135)</u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

3. Other Employment Benefits

The Town and the ABC Board have also 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 annual salary, but not less than \$25,000 or not more than \$50,000. All death benefit payments are made from the Death Benefit Plan.

The Town and the ABC Board have no liability beyond the payment of monthly contributions. 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. Because the benefit payments are made by the Death Benefit Plan and not by the Town or the ABC Board, the Town or the ABC Board does not determine the number of eligible participants. For year ended June 30, 2019, the Town made contributions to the State for death benefits of \$16,744. The contributions to the Death Benefit Plan cannot be separated between the post employment benefit amount and the other benefit amount. The ABC Board considers these contributions to be immaterial.

The Town carries additional group-term life insurance on all eligible employees thru Voya Financial, the insurance provider. The life insurance benefit is equal to the employee's annual salary, rounded up to the nearest \$1,000. The maximum amount of life insurance is \$100,000. The premiums are paid 100% by the Town for the employee. The group-term life insurance benefit in excess of \$50,000 is taxable to the employee as a fringe benefit.

4. Deferred Outflows/Inflows of Resources

The Town has several deferred outflows of resources as of June 30, 2019. The deferred outflows of resources include the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 1,935,782
Benefit payments and administrative expenses for LEOSSA made subsequent to measurement date	66,245
Differences between expected and actual experience	1,697,301
Changes in assumptions	2,590,816
Net difference between projected and actual	1,278,868
Changes in proportion and differences between employer contributions and proportionate share of contributions	14,401
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	489,775
Total	<u>\$ 8,073,188</u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

4. Deferred Outflows/Inflows of Resources (cont'd)

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

	Statement of Net Position	General Fund Balance Sheet
Solid waste receivable	\$ -	\$ 33,695
Property taxes receivable	-	793,779
Unavailable revenue	-	66,787
Differences between expected and actual experience	5,783,362	-
Changes in assumptions	8,731,460	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	338,996	-
Total	<u>\$ 14,853,818</u>	<u>\$ 894,261</u>

5. Risk Management

Due to its size, location, and enormous range in function, the Town is exposed to a wide variety of risk and potential loss. These include theft, damages to and destruction of assets, errors and omissions, injuries to employees, injuries on Town properties, and natural disasters. The Town reviews insurance agents and brokers through a qualification process every three years and then obtains underwriting from a carrier that is reviewed and awarded annually.

The designated insurance carrier provides general liability coverage of \$5 million per occurrence with a general aggregate of \$5 million, and the Town carries coverage of \$5 million per occurrence for Employment Practices Liability, Law Enforcement Liability, Public Official Liability, Liquor Liability, and Cyber Liability. The Town’s coverage for Commercial Crime coverage, which contains employee theft and forgery, is set at a \$250,000 limit and carries additional coverages for both Social Engineering losses and acts of Terrorism. The Town also carries Vehicle coverage at \$5 million and Garage Keepers Risk Insurance up to \$450,000. The Town’s replacement cost coverage of property is currently in the amount of \$100,000,000, which includes Inland Marine coverage at actual cash value. The Chief Financial Officer is bonded for \$100,000. For the past three years, premiums have followed market trends and claims have not exceeded coverage.

The Town carries flood insurance with a limit of \$5 million except for those locations situated in a “Special Flood Hazard Area” (SFHA). SFHAs include Water and Wastewater Treatment facilities that are usually located in lower areas because they are made to handle water and are not as vulnerable to flooding.

The Town currently self-insures its Workers’ Compensation program through a third-party administrator, PMA Company, with a self-insured retention of \$650,000.

The Town is fully insured for health coverage through Blue Cross Blue Shield of North Carolina. The Town pays a monthly premium per employee for coverage.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

5. Risk Management (cont'd)

The Mooresville ABC Board is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The ABC Board has property, general liability, auto liability, workmen's compensation and employee health insurance coverage. The Board also has liquor legal liability insurance coverage. In accordance with G.S. 18B-700(i), each Board member and the employees designated as general manager and finance officer are bonded in the amount of \$50,000, secured by corporate surety.

The Authority is exposed to various risks of loss related to torts, theft of assets, errors and omissions, and natural disasters. The Authority's Ex-Officio Finance Director, Deborah Hockett, is bonded by public official's bond in the amount of \$50,000. The Authority's insurance policy is administered by Auto Owners Insurance Co. Through this policy, the Authority has workers' compensation coverage up to statutory limits and employers' liability coverage up to \$1,000,000. The Authority has not acquired flood insurance.

6. Claims, Judgements and Contingent Liabilities

At June 30, 2019, the Town was a Defendant to various lawsuits. In the opinion of the Town's management and the Town Attorney, except as indicated below, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position. The Town is a Defendant to two lawsuits alleging class action status on behalf of various developers alleging the Town improperly assessed system development and availability fees under North Carolina law. The Town has filed responsive pleadings and denied the allegations. The Town contends it has been compliant with North Carolina law and the lawsuits are in relatively early stages. The Plaintiffs have not yet indicated alleged damage amounts, however if the lawsuits were to be decided adversely to the Town the total amount of actual damages could be material.

7. Long-Term Obligations

a. Installment Purchases

Governmental Activities

In August 2006, the Town entered into a direct borrowing installment purchase agreement in the amount of \$3,905,000 to finance Land on Mazeppa Road. Interest only payments of \$80,053 were paid until 2008. Beginning in 2009, principal is paid in equal semi-annual principal installments of \$150,192 until 2021, plus interest at a rate of 4.10 percent. The Land on Mazeppa Road is pledged as collateral for the debt.

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

7. Long-Term Obligations (cont'd)

a. Installment Purchases (cont'd)

Governmental Activities (cont'd)

In September 2008, the Town entered into a direct borrowing installment purchase agreement in the amount of \$12,550,000 to finance improvements to the existing communications system including cable television and internet access system that serves the Town of Mooresville, the Town of Davidson, portions of the Town of Cornelius and a small portion of Mecklenburg County. The financing contract required principal payments to begin in fiscal year 2011 with interest payments beginning in 2009 with a 6.24 percent interest rate. On December 5, 2014 the interest rate on the installment purchase agreement was modified to 2.28 percent. The interest rate modification was undertaken to achieve a net present value savings of \$1,478,428. The communication improvements are pledged as collateral for this debt.

In May 2010, the Town entered into a direct borrowing installment purchase agreement (Recovery Zone Economic Development Bond) in the amount of \$9,478,500 to finance the acquisition, construction and equipping of a Public Works Operations Center. The financing contract requires semi-annual installments of \$315,950 until 2025, plus interest at a rate of 6.48 percent. The Town receives a subsidy of 45 percent of interest cost from the Federal Government reducing the effective interest rate to 2.91 percent. The Public Works Operations Center is pledged as collateral for the debt.

In May 2012, the Town issued \$9,615,000 of Limited Obligation Refunding Bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$9,610,000 of certificates of participation. As a result, the refunded certificates of participation are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. On June 30, 2019, \$5,640,000 of bonds outstanding are considered defeased.

In December 2007, the Town entered into \$80,000,000 Certificates of Participation to finance the acquisition of, and improvements to, the existing communications system, including cable television and internet access system that serves the Town of Mooresville, the Town of Davidson, portions of the Town of Cornelius and a small portion of Mecklenburg County. On June 25, 2015, the Town defeased the Certificates of Participation by placing the proceeds of new Limited Obligation Bonds, Series 2015 in an irrevocable trust to provide for all future debt service payments on the Certificates of Participation, Series 2007. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. The new \$66,555,000 Limited Obligation Bonds issued on June 25, 2015 requires annual principal installments until 2032, plus semiannual interest payments on May 1 and November 1 at a true interest cost of 3.39 percent.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

7. Long-Term Obligations (cont'd)

a. Installment Purchases (cont'd)

On June 9, 2016, the Town entered into a direct borrowing installment purchase agreement in the amount of \$4,000,000 to finance the construction and equipping of a golf course club house. The financing contract requires semiannual installments of \$200,000 until June 2026, with semiannual interest payments on December 1 and June 1 at a rate of 2.92 percent. The golf course club house is pledged as collateral for the debt.

Business Type Activities

In December 1999, the Town entered into a direct borrowing installment purchase agreement in the amount of \$1,700,000 to finance the extension of water and sewer lines. Principal is paid in equal annual installments of \$85,000 until 2019, plus interest at a rate of 5.54 percent. The water and sewer lines are pledged as collateral for the debt.

As of June 30, 2019, the future minimum payments of the installment purchases are:

Year Ending June 30,	Governmental Activities		Business-Type Activities	
	Notes from Direct Borrowings		Notes from Direct Borrowings	
	Principal	Interest	Principal	Interest
2020	\$ 2,417,284	\$ 445,187	\$ 85,000	\$ 4,709
2021	2,467,284	354,343	-	-
2022	2,367,093	262,319	-	-
2023	2,266,900	178,353	-	-
2024	1,031,900	103,777	-	-
2025-2029	1,431,900	59,910	-	-
2030-2034	-	-	-	-
Total principal payments	<u>\$ 11,982,361</u>		<u>\$ 85,000</u>	
Total interest payment		<u>\$ 1,403,889</u>		<u>\$ 4,709</u>

As of June 30, 2019, the future minimum payments of the limited obligation purchases are:

Year Ending June 30,	Governmental Activities	
	Bonds	
	Principal	Interest
2020	\$ 3,485,000	\$ 2,532,938
2021	3,625,000	2,366,662
2022	3,780,000	2,187,238
2023	3,940,000	1,999,912
2024	4,110,000	1,804,288
2025-2029	23,005,000	6,188,363
2030-2034	19,350,000	1,659,856
Total payments	<u>\$ 61,295,000</u>	<u>\$ 18,739,257</u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

7. Long-Term Obligations (cont'd)

b. General Obligation Indebtedness

The Town's general obligation bonds serviced by the governmental funds were issued for recreation and street improvements. All general obligation bonds are collateralized by the full, faith, credit, and taxing power of the Town. Principal and interest requirements are appropriated when due.

The Town's general obligation bonds payable at June 30, 2019 are comprised of the following individual issues:

Serviced by the Town's General Fund:

\$20,000,000 Streets and Recreation General Obligation Bonds, Series 2015 principal installments are due on March 1 in 20 installments of \$1,000,000 with semiannual interest payments due on September 1 and March 1, at annual interest rates ranging from 2.125 - 5.0 percent.	\$ 16,000,000
\$16,000,000 Streets and Recreation Refunding General Obligation Bonds, Series 2016, principal installments are due annually on April 1 with semiannual interest payments due on October 1 and April 1, at annual interest rates ranging from 4.0 - 4.375 percent.	14,420,000
\$10,000,000 Streets General Obligation Bonds, Series 2019, principal installments are due on May 1 in 20 installments of \$500,000 with semiannual interest payments due on November 1 and May 1 at annual interest rates ranging from 3.0 - 5.0 percent.	10,000,000
	<u><u>\$ 40,420,000</u></u>

As of June 30, 2019, the future minimum payments of the general obligation bonds are:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 2,995,000	\$ 1,584,639
2021	3,005,000	1,464,000
2022	3,010,000	1,323,750
2023	3,020,000	1,173,250
2024	3,030,000	1,032,250
2025-2029	14,360,000	3,138,200
2030-2034	7,500,000	1,210,000
2035-2038	3,500,000	255,000
Total	<u><u>\$ 40,420,000</u></u>	<u><u>\$ 11,181,089</u></u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

7. Long-Term Obligations (cont'd)

b. State Revolving Loan

In May 2010, the Town entered into a direct borrowing loan from the North Carolina Water Pollution Control Revolving Loan Fund for an amount not to exceed \$13,000,000. \$11,006,604 of the loan balance was drawn as of June 30, 2011 and an additional \$561,044 was drawn before June 30, 2012 to finance the Rocky River Interim Plant Expansion as collateral. Beginning in 2012, annual payments (principal and interest) of \$722,548 will be paid until 2031. Principal installments are due annually with interest payments of 2.2 percent due May 1 and November 1.

As of June 30, 2019, future payments of the State revolving loan are:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 556,877	\$ 165,671
2021	569,239	153,308
2022	581,876	140,671
2023	594,794	127,754
2024	607,998	114,549
2025-2029	3,248,549	364,188
2030-2034	1,303,321	42,469
Total	<u>\$ 7,462,654</u>	<u>\$ 1,108,610</u>

c. Revenue Bonds

\$20,825,000 Taxable Enterprise Systems Revenue Bonds (Recovery Zone Economic Development Bonds), Series 2010B, were issued for various improvements to the Town's Enterprise Systems. Principal installments are due annually on May 1, with semi-annual interest payments due on November 1 and May 1 until 2035, with annual interest rates ranging from 4.262 to 6.405 percent. The Town receives a subsidy of 45 percent of interest cost from the Federal Government reducing the effective interest rate to 1.91%.

In March 2012, the Town issued \$44,200,000 of revenue refunding bonds to provide resources to purchase U.S. Government securities that were placed in an irrevocable trust for the purpose of general resources for all future debt service payments of \$45,790,000 of revenue bonds. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net position. On June 30, 2019, \$29,645,000 of bonds outstanding are considered defeased.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

7. Long-Term Obligations (cont'd)

d. Revenue Bonds (cont'd)

As of June 30, 2019, the future minimum payments of the revenue bonds are:

<u>Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>
2020	\$ 3,460,000	\$ 2,351,164
2021	3,595,000	2,203,913
2022	3,700,000	2,076,272
2023	3,865,000	1,888,617
2024	4,010,000	1,719,952
2025-2029	21,740,000	5,573,545
2030-2034	6,630,000	1,770,390
2035-2038	1,470,000	94,154
Total	<u>\$ 48,470,000</u>	<u>\$ 17,678,007</u>

The Town has been in compliance with the covenants as to rates, fees, rentals and charges in Section 704 of the Bond Order, authorizing the issuance of the Water and Sewer Bonds, Series 2003, since its adoption. Section 704(a) of the Bond Order requires the debt service coverage ratio to be no less than 120%. The debt service ratio calculation for the year ended June 30, 2019 is as follows:

Operating revenues	\$ 24,279,085
Operating expenses*	<u>13,474,270</u>
Operating income	10,804,815
Non-operating revenues (expenses)**	<u>6,174,641</u>
Income available for debt service	<u>\$ 16,979,456</u>
Debt service, principal and interest paid (Revenue bonds only)	\$ 5,868,450
Debt service coverage ratio	289%

* Per rate covenants, this does not include depreciation expense of \$4,708,534.

** Per rate covenants, this does not include revenue bond interest paid of \$2,493,450.

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

7. Long-Term Obligations (cont'd)

d. Revenue Bonds (cont'd)

The Town has pledged future water and sewer customer revenues, net of specified operating expenses, to repay Enterprise System Revenue Bonds issued in April 2010. Proceeds from the bonds provided financing for a Lift Station, a Belt Dryer, Wet Weather Equalization, and NaClO Generation System. The Town has also pledged future water and sewer customer revenues, net of specified operating expenses, to repay Enterprise Systems Refunding Bonds, Series 2012. Proceeds from the bonds provided financing for Clear Wells, Water/Sewer Line extensions/upgrades, Elevated Water Tank, Remote Read Meters, Hickory Water Interconnection, Water Treatment Plant and Wastewater Treatment Plant Headworks. The bonds are payable solely from water and sewer customer net revenues and are payable through 2035. The total principal and interest remaining to be paid on the bonds is \$66,148,006. Principal and interest paid for the current year were \$3,375,000 and \$2,493,450, respectively.

e. Changes in Long Term Liabilities

	Beginning Balance			Balance June 30, 2019	Current Portion of Balance
	July 1, 2018	Increases	Decreases		
Governmental activities:					
Direct borrowing installment purchase	\$ 14,354,646	\$ -	\$ 2,372,285	\$ 11,982,361	\$ 2,417,285
Limited obligation bonds	64,640,000	-	3,345,000	61,295,000	3,485,000
General obligation bonds	32,980,000	10,000,000	2,560,000	40,420,000	2,995,000
Deferred amounts:					
Bond premium	8,010,217	982,436	902,459	8,090,194	618,295
Compensated absences	1,928,784	1,959,673	1,929,623	1,958,834	1,944,648
Total OPEB liability	44,037,208	-	5,788,734	38,248,474	-
Net pension liability(LGERS)	5,159,450	2,794,561	-	7,954,011	-
Total pension liability(LEO)	2,874,949	365,009	130,401	3,109,557	-
Governmental activity long-term liabilities	\$ 173,985,254	\$ 16,101,679	\$ 17,028,502	\$ 173,058,431	\$ 11,460,228
Business-type activities:					
Direct borrowing installment purchase	\$ 170,000	\$ -	\$ 85,000	\$ 85,000	\$ 85,000
Revenue bonds	51,845,000	-	3,375,000	48,470,000	3,460,000
Deferred amounts:					
Bond premium	2,090,553	-	220,645	1,869,908	186,151
Direct borrowing state revolving loan	8,007,438	-	544,783	7,462,655	556,877
Total OPEB liability	8,252,280	-	1,147,317	7,104,963	-
Net pension liability(LGERS)	877,347	485,066	-	1,362,413	-
Compensated absences	294,456	355,874	335,633	314,697	294,456
Business-type activity long-term liabilities	\$ 71,537,074	\$ 840,940	\$ 5,708,378	\$ 66,669,636	\$ 4,582,484

At June 30, 2019, the Town of Mooresville had a legal debt margin of \$407,542,079.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

7. Long-Term Obligations (cont'd)

e. Changes in Long Term Liabilities (cont'd)

Compensated absences, other post-employment benefits and the law enforcement officer's special separation allowance for governmental activities have typically been liquidated in the General Fund.

Mooreville Alcoholic Beverage Control Board					
	Balance			Balance	Current
	July 1, 2018	Increases	Decreases	June 30, 2019	Portion of
					Balance
Governmental activities:					
Total OPEB liability	\$ 327,976	\$ 21,954	\$ 19,967	\$ 329,963	\$ -
Net pension liability	46,749	18,728	-	65,477	-
Governmental activities:					
Long-term liabilities	\$ 374,725	\$ 40,682	\$ 19,967	\$ 395,440	\$ -

Mooreville Travel and Tourism Authority					
	Balance			Balance	Current
	July 1, 2018	Increases	Decreases	June 30, 2019	Portion of
					Balance
Governmental activities:					
Compensated absences	\$ 13,030	\$ 2,623	\$ -	\$ 15,653	\$ 2,124
Governmental activities:					
Long-term liabilities	\$ 13,030	\$ 2,623	\$ -	\$ 15,653	\$ 2,124

f. Special Assessment Revenue Bonds

In June 2015, the Town issued \$8,550,000 of Special Assessment Revenue Bonds to finance the construction of public infrastructure in the Langtree Special Improvements District. The Town is in no manner obligated to repay this special assessment debt and functions only as an agent for the property owners by remitting collections of special assessments to the Trustee. At June 30, 2019, \$7,885,000 of special assessment debt remained outstanding.

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

B. Liabilities (cont'd)

8. Long-Term Obligations (cont'd)

g. Interfund Balances and Activity

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

	Transfers	
	From	To
Transfers From/To Other Funds		
Sanitation Capital Reserve Fund	\$ 467,158	\$ -
General Capital Reserve Fund	1,530,313	2,151,338
General Capital Projects Fund	-	2,051,313
Utility Capital Projects Fund	-	510,000
Utility Capital Reserve Fund	-	-
Home/Trust/CDBG Fund	-	33,620
General Fund	2,705,958	467,158
Utility Fund	510,000	-
Total	<u>\$ 5,213,429</u>	<u>\$ 5,213,429</u>

Transfers are used to move unrestricted revenues to finance various programs that the government must account for in other funds in accordance with budgetary authorizations, including amounts providing matching funds for various grant programs.

C. Net Investment in Capital Assets

	Governmental	Business
Capital Assets	\$ 163,993,803	\$ 141,363,873
less: long term debt	173,058,431	66,669,636
add: total OPEB liability	38,248,474	7,104,963
add: total pension liability (LEO)	3,109,557	-
add: accrued compensated absences	1,958,834	314,697
add: net pension liability (LGERS)	7,954,011	1,362,413
less: construction retainage	263,559	613,153
less: construction accounts payable	985,576	318,406
Net investment in capital assets	<u>\$ 40,957,113</u>	<u>\$ 82,544,751</u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

D. Fund Balance

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

Total fund balance - General Fund	\$ 39,888,262
Less:	
Inventories	184,628
Perpetual Maintenance	59,400
Stabilization by State Statue	7,410,610
Streets-Powell Bill	799,573
Capital Reserve	2,545,898
Public Safety	487,545
Customer deposits	16,220
Supplemental Peg Channel Support	121,503
Unspent donation funds	18,066
Worker's compensation and other insurance	650,000
Subsequent year's expenditures	-
Working Capital/Fund Balance Policy	15,106,385
Remaining Fund Balance	12,488,434

The Town has adopted a minimum fund balance policy for the General Fund which instructs management to conduct business of the Town in such a manner that available fund balance is at least equal to or greater than 20% of budgeted expenditures.

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

Encumbrances	Major Funds	Non-Major Funds
	\$ 10,487,892	\$ 110,479

E. Lease Agreement

The Authority leases office space in the Langtree Development area. Lease payments will include the base rent of \$4,585 plus estimated common area maintenance (CAM) payment of \$901, for a total estimated monthly lease payment of \$5,486. The lease payment began in May 2018 and will expire on April 30, 2023. Rent expense for the year ended June 30, 2019 totaled \$65,828. The new lease includes a 20% reduction in base rent until such time as there is a “breaking of ground” for the purpose of building a hotel within tract B of the Langtree Development.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 2 – DETAIL NOTES ON ALL FUNDS (cont'd)

E. Lease Agreement (cont'd)

The following is a schedule by years of minimum payment under the new Langtree HUD Development Company, LLC lease (at the 20% reduction amount):

Year ended June 30:	
2020	\$ 66,198
2021	68,033
2022	68,033
2023	56,695
	<u>\$ 258,959</u>

F. Occupancy Taxes

The Town of Mooresville, the primary government, in accordance with state law (S.L. 1999-258), transfers the proceeds of a room occupancy tax of 4% of the gross receipts derived from the rental of any room, lodging, or accommodation furnished by a hotel, motel, inn, tourist camp, or similar place within the Town that is subject to sales tax imposed by the state under G.S. 105-164.4(a)(3). This tax is in addition to any state local sales tax. This tax does not apply to accommodations furnished by nonprofit, charitable, educational, or religious organizations. The total occupancy tax levied by the Town of Mooresville, when combined with the rate of room occupancy tax levied by Iredell County, may not exceed 6%. The occupancy tax transferred from the primary government represents 99.9% of total revenues and other financing sources of the Authority.

NOTE 3 – JOINT VENTURES

The Town of Mooresville and members of the Town’s fire department each appoint two members to the five-member local board of trustees for the Firemen’s Relief Fund. The State Insurance Commissioner appoints an additional member to the local board of trustees. The Firemen’s Relief Fund is funded by portions of the fire and lightning insurance premiums that insurers remit to the State. The State passes these monies to the local board of the Firemen’s Relief Fund. The funds are used to assist fire fighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf payments made to members of the Town’s fire department by the board of trustees. During the fiscal year ended June 30, 2019, the Town did not report revenues and expenditures for the payments of \$58,130 made through the Firemen’s Relief Fund. The participating governments do not have any equity interest in the joint venture, so no equity has been reflected in financial statements for June 30, 2019. The Firemen’s Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees file an annual financial report with the State Firemen’s Association. This report can be obtained from the Association at 323 West Jones Street, Suite 401, Raleigh, North Carolina 27603.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 4 – RELATED ORGANIZATIONS

The Board of Commissioners of the Mooresville Housing Authority is appointed to five-year terms by the Mayor of the Town of Mooresville; however, the Town of Mooresville has the ability to remove the appointed board members for cause. The Housing Authority designates its own management, approves its own budget, and maintains its own accounting system. In addition, the Town provides no financial support to the Mooresville Housing Authority and is not obligated for the Authority's debts or entitled to any surpluses of the Authority. The Town of Mooresville is accountable for the Mooresville Housing Authority because it appoints the Authority's governing board; however, the Town is not financially accountable for the Mooresville Housing Authority. Complete financial statements for the Housing Authority can be obtained from the Authority's office at 1046 N Main Street, Mooresville, NC 28115.

NOTE 5 – SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES

Federal and State Assisted Programs

The Town has received proceeds from several Federal and State grants. Periodic audits of these grants are required and certain costs may be questioned as not being appropriate expenditures under the grant agreements. Such audits could result in the refund of grant moneys 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 moneys.

NOTE 6 – COMMITMENTS

The Town currently self-insures its workers compensation program through a third-party administrator with a self-insured retention of \$650,000. The \$650,000 is shown in the financial statements as committed fund balance.

NOTE 7 – JOINT AGENCY

In August of 2007, the Town entered an asset purchase agreement with a local telecommunications company for the purchase of its assets. Pursuant to the agreement, the Town purchased the assets of the telecommunications company. The Towns of Mooresville and Davidson then entered into a joint agency agreement pursuant to the General Statutes of North Carolina to form an organization to own, upgrade, manage and operate this telecommunications system. This agency operates as MI Connection Communications System d/b/a Continuum (MIC).

During the year ended June 30, 2008, the Town agreed to enter into an installment finance contract for \$80,000,000 on behalf of the parties and the joint agency to finance the acquisition of, improvement to and operation of the telecommunications system. During the year ended June 30, 2009, the Town entered into an additional installment financing contract of \$12,550,000 on behalf of MIC. On June 25, 2015, the Town defeased \$69,470,000 of the \$80,000,000 installment finance contract by placing the proceeds of Limited Obligation Bonds, Series 2015 in an irrevocable trust to provide for all future debt service payments. The \$66,555,000 in Limited Obligation Bonds, Series 2015 was issued on June 25, 2015.

The audited financial statements of MIC indicate that the agency incurred a change in net position of (\$1,295,187) for the year ended June 30, 2019. The Agency has a deficit net position balance of (\$7,439,052) as of June 30, 2019.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 7 – JOINT AGENCY *(cont'd)*

The parties acknowledge that to the extent that revenues and assets of the systems are not adequate to pay operating costs of the system, the parties agree, to the extent of their financial interest, to provide the joint agency funds necessary to operate the system. Effective June 30, 2012, the interlocal agreement was amended so that the financial interest of the Town of Mooresville is 70% and the financial interest of the Town of Davidson is 30%. Under the amended agreement the maximum annual contribution required from the Town of Davidson shall be \$1,000,000 and the Town of Mooresville will contribute the amount to offset the deficit of revenues versus expenses and debt service that exceeds \$1,000,000. As long as a deficit of revenues versus expenses and debt service exists, the Town of Davidson shall contribute to the System the sum of One Million Dollars annually. To the extent that the annual contribution of the Town of Davidson exceeds its financial interest, such excess shall be paid to the Town of Mooresville, until such time that the Town has recovered its contributions in excess of its financial interest. At June 30, 2019, the amount contributed by The Town of Mooresville in excess of its financial interest and due from the Town of Davidson is \$1,751,853.

NOTE 8 – RELATED PARTY TRANSACTIONS

On January 11, 2013, the Town entered into an Economic Development Agreement with the South Iredell Community Development Corporation (SICDC) to provide the framework for the development of an Industrial Park on a 476 acre tract of property. The cost of acquiring the property was \$5,035,000. The Town’s obligation pursuant to the agreement was to provide an economic development grant of \$2,000,000 for the acquisition of property on the date of acquisition. In addition, the SICDC obtains financing of \$3,160,000 for the price and expenses for acquiring the property. The Town also provided an economic development grant in annual installments equal to the debt service on the loan obtained by the SICDC for each of the five years that the loan was outstanding. Upon sale of any parcels within the Industrial Park, SICDC will remit to the Town sixty-five percent (65%) of the final gross sales price of each parcel of the Industrial Park sold until such time as the amount of the aggregate economic development grants remitted to the Town equals the total economic agreement amounts paid or to be paid by the Town to SICDC. Eighty eight and three tenths acres were sold as of June 30, 2019. SICDC has deferred payment of \$1,673,703 due to the Town for parcels sold as of June 30, 2019.

A Memorandum of Agreement was signed between the Mooresville Travel and Tourism Authority and the Town on March 24, 2009, obligating the Authority to invest \$1,700,000 in the Mazeppa Road Park, a recreational facility built by the Town. The Agreement required an initial payment of \$500,000 to be paid to the Town upon the Town’s approval of the contract for the park and the issuance of a notice to proceed to the contractor. The initial payment of \$500,000 was made by the Authority during the year ended June 30, 2009. Upon the completion of the park, this Agreement also requires the Authority to pay the Town an installment of \$120,000 per year for ten years, totaling \$1,200,000. The Authority has made eight installment payments to date. The Authority may choose to pay the balance early per the Agreement, at which time a new amount would be determined. There are no plans by the Authority to pay this Agreement early as of the release of these financial statements.

Payments due under this agreement are as follows:

Year ended June 30:	
2020	\$ 120,000
2021	120,000
	<u>\$ 240,000</u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2019

NOTE 9 – SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

The Board of Commissioners voted on August 13, 2019 to enter into an agreement to sell MI Connection Communications System d/b/a Continuum (MIC). This sale is subject to further approval by a majority vote thereon at a referendum election to be held on November 5, 2019. If the closing conditions required for the sale of MIC are met, the Town expects that the sale would be consummated by the end of 2019. The Town of Mooresville expects to use a portion of the proceeds from the sale of the cable system to prepay all of the outstanding 2008 installment purchase and 2015 Limited Obligation Bonds. The Town of Mooresville expects to recover from the Town of Davidson contributions in excess of its financial interest, in the amount of \$1,751,853, at closing.

Management has reviewed the financial statements as of October 18, 2019 the date the financial statements were available to be issued and determined that no other events occurred that required recording in the financial statements.



Required Supplementary Information

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

- Town of Mooresville's Proportionate Share of Net Pension Liability (Asset) – Last Six Fiscal Years – Local Government Employees' Retirement System
- Town of Mooresville's Contributions – Last Six Fiscal Years – Local Government Employees' Retirement System
- Town of Mooresville - Law Enforcement Officers' Special Separation Allowance
 - Schedule of Changes in Total Pension Liability
- Town of Mooresville - Law Enforcement Officers' Special Separation Allowance
 - Schedule of Total Pension Liability as Percentage of Covered Payroll
- Town of Mooresville - Other Post Employment Benefits
 - Schedule of Changes in the Total OPEB Liability and Related Ratios
- ABC Board's Proportionate Share of Net Pension Liability (Asset) – Last Six Fiscal Years – Local Government Employees' Retirement System
- ABC Board's Contributions – Last Six Fiscal Years – Local Government Employees' Retirement System
- ABC Board - Other Post Employment Benefits
 - Schedule of Changes in the Total OPEB Liability and Related Ratios
- Town of Mooresville's Proportionate Share of Net Pension Liability – Last Five Fiscal Years – Firefighters' and Rescue Squad Workers' Pension
- Town of Mooresville's & State Contributions – Last Five Fiscal Years – Firefighters' and Rescue Squad Worker's Pension



**TOWN OF MOORESVILLE, NORTH CAROLINA
TOWN OF MOORESVILLE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS***

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town of Mooresville's proportion of the net pension liability (asset) (%)	0.39271%	0.39515%	0.37063%	0.40700%	0.40539%	0.39410%
Town of Mooresville's proportion of the net pension liability (asset) (\$)	\$ 9,316,424	\$ 6,036,797	\$ 7,866,010	\$ 1,826,592	\$ (2,390,773)	\$ 4,750,418
Town of Mooresville's covered payroll	\$ 23,144,314	\$ 22,167,796	\$ 20,410,851	\$ 19,628,068	\$ 19,057,293	\$ 17,882,527
Town of Mooresville's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	40.25%	27.23%	38.54%	9.31%	-12.55%	26.56%
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. This supplementary information will not present 10 years' worth of data until fiscal year 2023.

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

**TOWN OF MOORESVILLE, NORTH CAROLINA
TOWN OF MOORESVILLE'S CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST SIX FISCAL YEARS***

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,935,782	\$ 1,771,316	\$ 1,645,710	\$ 1,410,474	\$ 1,405,606	\$ 1,355,409
Contributions in relation to the contractually required contribution	<u>1,935,782</u>	<u>1,771,316</u>	<u>1,645,710</u>	<u>1,410,474</u>	<u>1,405,606</u>	<u>1,355,409</u>
Contribution deficiency (excess)	<u>\$ -</u>					
Town of Mooresville's covered payroll	\$ 24,384,979	\$ 23,144,314	\$ 22,167,796	\$ 20,410,851	\$ 19,628,068	\$ 19,057,293
Contributions as a percentage of covered payroll	7.94%	7.65%	7.42%	6.91%	7.16%	7.11%

* This supplementary information will not present 10 years' worth of data until fiscal year 2023.

**TOWN OF MOORESVILLE, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019**

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Beginning balance	\$ 2,874,949	\$ 2,560,109	\$ 2,516,482
Service Cost	138,775	109,939	110,493
Interest on the total pension liability	88,788	96,522	88,208
Changes of benefit terms	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	266,151	53,841	-
Changes of assumptions and other inputs	(128,705)	173,631	(63,738)
Benefit payments	(130,401)	(119,093)	(91,336)
Other Changes	-	-	-
Ending balance of the total pension liability	<u>\$ 3,109,557</u>	<u>\$ 2,874,949</u>	<u>\$ 2,560,109</u>

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

**TOWN OF MOORESVILLE, NORTH CAROLINA
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019**

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 3,109,557	\$ 2,874,949	\$ 2,560,109
Covered payroll	4,966,061	4,508,360	4,231,434
Total pension liability as a percentage of covered payroll	62.62%	63.77%	60.50%

Notes to the schedules:

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

**TOWN OF MOORESVILLE, NORTH CAROLINA
OTHER POST EMPLOYMENT BENEFITS (OPEB)
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019**

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>2019</u>	<u>2018</u>
Service Cost	\$ 2,180,797	\$ 2,529,372
Interest	1,851,348	1,660,130
Changes of benefit terms	-	-
Differences between expected and actual experience	(6,547,183)	(6,898)
Changes of assumptions	(3,845,355)	(6,764,658)
Benefit payments	<u>(575,658)</u>	<u>(560,414)</u>
Net change in total OPEB liability	(6,936,051)	(3,142,468)
Total OPEB liability - beginning	<u>52,289,488</u>	<u>55,431,956</u>
Total OPEB liability - ending	<u>\$ 45,353,437</u>	<u>\$ 52,289,488</u>
Covered Payroll	\$ 14,513,339	\$ 15,589,862
Total OPEB liability as a percentage of covered payroll	312.49%	335.41%

Notes to Schedule

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

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

TOWN OF MOORESVILLE, NORTH CAROLINA

ABC BOARD'S PROPORTIONATE SHARE OF NET PENSION LIABILITY (ASSET)
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST SIX FISCAL YEARS*

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	2019	2018	2017	2016	2015	2014
ABC Board's proportion of the net pension liability (asset) (%)	0.00276%	0.00306%	0.00339%	0.00327%	0.00344%	0.00344%
ABC Board's proportion of the net pension liability (asset) (\$)	\$ 65,477	\$ 46,749	\$ 71,498	\$ 14,676	\$ (20,287)	\$ (20,287)
ABC Board's covered payroll	\$ 254,337	\$ 248,636	\$ 249,204	\$ 218,179	\$ 200,450	\$ 203,075
ABC Board's proportionate share of the net pension liability (asset) as a percentage of its covered payroll	25.74%	18.80%	28.69%	6.73%	(10.12%)	(9.99%)
Plan fiduciary net position as a percentage of the total pension liability**	91.63%	94.18%	91.45%	98.09%	102.64%	102.64%

* The amounts presented for each fiscal year were determined as of the prior fiscal year ending June 30. This supplementary information will not present 10 years' worth of data until fiscal year 2023.

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

TOWN OF MOORESVILLE, NORTH CAROLINA

ABC BOARD'S CONTRIBUTIONS
 REQUIRED SUPPLEMENTARY INFORMATION
 LAST SIX FISCAL YEARS*

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 22,389	\$ 19,624	\$ 18,275	\$ 16,846	\$ 15,425	\$ 14,172
Contributions in relation to the contractually required contribution	22,389	19,624	18,275	16,846	15,425	14,172
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
ABC Board's covered payroll	\$ 273,049	\$ 254,337	\$ 248,636	\$ 249,204	\$ 218,179	\$ 200,450
Contributions as a percentage of covered payroll	8.20%	7.72%	7.35%	6.76%	7.07%	7.07%

* This supplementary information will not present 10 years' worth of data until fiscal year 2023.

TOWN OF MOORESVILLE, NORTH CAROLINA

**ABC BOARD
OTHER POST EMPLOYMENT BENEFITS (OPEB)
REQUIRED SUPPLEMENTARY INFORMATION
June 30, 2019**

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	2019	2018
Total OPEB Liability		
Service Cost	\$ 10,278	\$ 11,667
Interest	11,676	10,290
Changes of benefit terms	-	-
Differences between expected and actual experience	-	-
Changes of assumptions	(19,967)	(35,829)
Benefit payments	-	-
Net change in total OPEB liability	1,987	(13,872)
Total OPEB liability - beginning	327,976	341,848
Total OPEB liability - ending	\$ 329,963	\$ 327,976
Covered Payroll	\$ 232,852	\$ 232,852
Total OPEB liability as a percentage of covered payroll	141.71%	140.85%

Notes to Schedule

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

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

**TOWN OF MOORESVILLE, NORTH CAROLINA
TOWN OF MOORESVILLE'S PROPORTIONATE SHARE OF NET PENSION LIABILITY
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS***

FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Town of Mooresville's proportionate share of the net pension liability (%)	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
Town of Mooresville's proportionate share of the net pension liability (\$)	\$ -	\$ -	\$ -	\$ -	\$ -
State's proportionate share of the net pension liability associated with Town of Mooresville	<u>108,670</u>	<u>97,150</u>	<u>68,776</u>	<u>61,534</u>	<u>50,622</u>
Total	<u><u>\$ 108,670</u></u>	<u><u>\$ 97,150</u></u>	<u><u>\$ 68,776</u></u>	<u><u>\$ 61,534</u></u>	<u><u>\$ 50,622</u></u>
Town of Mooresville's covered payroll	\$ 5,361,305	\$ 4,883,904	\$ 4,596,698	\$ 4,337,747	\$ 4,212,351
Town of Mooresville's proportionate share of the net pension liability as a percentage of its covered payroll	2.03%	1.99%	1.50%	1.42%	1.20%
Plan fiduciary net position as a percentage of the total pension liability **	89.69%	89.35%	84.94%	91.40%	93.42%

* The amounts presented are for the prior fiscal year.

** This will be the same percentage for all participant employers in the Firefighters' and Rescue Squad Workers' Pension.

This supplementary information will not present 10 years' worth of data until fiscal year 2024.

**TOWN OF MOORESVILLE, NORTH CAROLINA
TOWN OF MOORESVILLE'S AND STATE CONTRIBUTIONS
REQUIRED SUPPLEMENTARY INFORMATION
LAST FIVE FISCAL YEARS***

FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 48,103	\$ 43,310	\$ 35,033	\$ 33,579	\$ 34,424
Contributions in relation to the contractually required contribution	<u>48,103</u>	<u>43,310</u>	<u>35,033</u>	<u>33,579</u>	<u>34,424</u>
Contribution deficiency (excess)	<u>\$ -</u>				
Town of Mooresville's covered payroll	\$ 5,361,305	\$ 5,080,808	\$ 4,883,904	\$ 4,596,698	\$ 4,337,747
Contributions as a percentage of covered payroll	0.90%	0.85%	0.72%	0.73%	0.79%

* This supplementary information will not present 10 years' worth of data until fiscal year 2024.



Major Governmental Funds

The General Fund is the principal fund of the Town and is used to account for all activities of the Town not included in other specified funds. This fund also accounts for the normal recurring activities of the Town.

The Capital Reserve Fund – Sanitation is used to account for the purchase of new sanitation vehicles through the collection of solid waste fees.

The Capital Reserve Fund is used for the purchase of long-term or large-scale capital projects for the general fund.

The Powell Bill Fund is used to account for street maintenance and construction through the State Street-aid Program with the North Carolina Department of Transportation.

The Capital Projects Fund is used to account for street and sidewalk improvements, a golf course club house, recreational center improvements, greenway design and park improvements.



TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Ad Valorem taxes:			
Current year, net of refunds	\$ 36,925,000	\$ 37,961,804	\$ 1,036,804
Current year, net of refunds (special district)	-	76,515	76,515
Interest	85,000	128,276	43,276
Total	<u>37,010,000</u>	<u>38,166,595</u>	<u>1,156,595</u>
Other taxes and licenses:			
Gross receipts	120,000	167,030	47,030
Total	<u>120,000</u>	<u>167,030</u>	<u>47,030</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes (external sources)	27,000	30,027	3,027
Reimbursement from joint agency	6,538,190	7,867,152	1,328,962
Telecommunications sales tax	115,243	124,492	9,249
Utilities sales tax	3,030,246	3,273,453	243,207
Piped natural gas sales tax	201,673	217,859	16,186
Video programming sales tax	152,838	165,105	12,267
Local option sales tax	10,300,000	11,236,571	936,571
Beer and wine tax	170,000	172,872	2,872
Cable TV franchise	16,000	29,982	13,982
District court fee	25,000	18,632	(6,368)
ABC profit distribution	490,000	630,564	140,564
Total	<u>21,066,190</u>	<u>23,766,709</u>	<u>2,700,519</u>
Restricted intergovernmental:			
Police grants	460,852	473,284	12,432
Fire grants	1,000	1,000	-
Library grants	1,360,363	1,397,739	37,376
Development services grants	10,000	-	(10,000)
Engineering grants	-	79,992	79,992
Recreation grants	-	64,771	64,771
NCDOT reimbursement	64,000	65,879	1,879
Solid waste disposal	22,000	29,725	7,725
ABC revenue for law enforcement	60,000	77,768	17,768
ABC revenue for recreation	375,000	450,403	75,403
Total	<u>2,353,215</u>	<u>2,640,561</u>	<u>287,346</u>

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
Permits and fees:			
Police	305,820	384,290	78,470
Fire	353,652	505,368	151,716
Zoning fees and charges	112,000	184,015	72,015
Engineering fees and charges	142,000	183,491	41,491
Total	<u>913,472</u>	<u>1,257,164</u>	<u>343,692</u>
Sales and services:			
Cemetery	104,500	143,938	39,438
Library	116,740	69,855	(46,885)
Sanitation	1,303,000	1,149,103	(153,897)
Street	40,000	40,046	46
Recreation	1,479,146	1,329,453	(149,693)
Golf operations	1,662,540	1,607,699	(54,841)
Total	<u>4,705,926</u>	<u>4,340,094</u>	<u>(365,832)</u>
Investment earnings	400,000	1,738,438	1,338,438
Miscellaneous	249,758	328,017	78,259
Total revenues	<u>66,818,561</u>	<u>72,404,608</u>	<u>5,586,047</u>
EXPENDITURES			
General government:			
General administration			
Salaries and employee benefits	3,883,521	3,593,814	289,707
Operating expenditures	781,531	580,599	200,932
Professional services	2,106,272	1,715,779	390,493
Economic development	3,935,470	3,842,541	92,929
Workers compensation/other insurance	1,265,000	1,241,215	23,785
Reimbursement - proprietary funds	(1,420,629)	(1,420,629)	-
Total	<u>10,551,165</u>	<u>9,553,319</u>	<u>997,846</u>
Technology and Innovation			
Salaries and employee benefits	745,824	702,586	43,238
Operating expenditures	2,223,307	2,137,007	86,300
Professional services	193,447	185,758	7,689
Capital outlay	583,264	502,973	80,291
Reimbursement - proprietary funds	(187,653)	(187,653)	-
Total	<u>3,558,189</u>	<u>3,340,671</u>	<u>217,518</u>

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
Planning and Community Development			
Salaries and employee benefits	848,062	831,204	16,858
Operating expenditures	112,390	84,313	28,077
Professional services	398,337	308,116	90,221
Capital outlay	12,900	29,050	(16,150)
Total	1,371,689	1,252,683	119,006
Engineering			
Salaries and employee benefits	652,441	549,228	103,213
Operating expenditures	68,650	62,003	6,647
Professional services	194,034	193,375	659
Reimbursement - proprietary funds	(263,085)	(263,085)	-
Total	652,040	541,521	110,519
Public service			
Salaries and employee benefits	436,818	410,971	25,847
Operating expenditures	163,045	140,655	22,390
Professional services	30,443	28,407	2,036
Reimbursement - proprietary funds	(122,904)	(122,904)	-
Total	507,402	457,129	50,273
Facility Maintenance			
Salaries and employee benefits	288,244	233,225	55,019
Operating expenditures	119,222	80,669	38,553
Professional services	230	190	40
Capital outlay	31,268	31,178	90
Total	438,964	345,262	93,702
Total general government	17,079,449	15,490,585	1,588,864
Public safety:			
Police			
Salaries and employee benefits	9,222,795	8,650,330	572,465
Operating expenditures	1,572,559	1,293,555	279,004
Professional services	402,371	330,867	71,504
Capital outlay	1,339,251	806,911	532,340
Total	12,536,976	11,081,663	1,455,313
Fire			
Salaries and employee benefits	7,603,621	7,567,895	35,726
Operating expenditures	1,142,412	1,123,447	18,965
Professional services	335,933	334,063	1,870
Capital outlay	241,508	277,611	(36,103)
Reimbursement - proprietary funds	(24,600)	(24,600)	-
Total	9,298,874	9,278,416	20,458
Total public safety	21,835,850	20,360,079	1,475,771
Transportation:			

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
Streets and highways			
Salaries and employee benefits	1,299,357	1,196,119	103,238
Operating expenditures	608,450	543,261	65,189
Professional services	162,404	139,047	23,357
Capital outlay	129,730	116,483	13,247
Reimbursement - proprietary funds	(21,564)	(21,564)	-
Total	<u>2,178,377</u>	<u>1,973,346</u>	<u>205,031</u>
Fleet maintenance			
Salaries and employee benefits	707,968	627,637	80,331
Operating expenditures	134,000	119,896	14,104
Professional services	155,800	146,259	9,541
Capital outlay	6,600	6,520	80
Reimbursement - proprietary funds	(146,038)	(146,038)	-
Total	<u>858,330</u>	<u>754,274</u>	<u>104,056</u>
Total transportation	<u>3,036,707</u>	<u>2,727,620</u>	<u>309,087</u>
Environmental protection:			
Sanitation			
Salaries and employee benefits	1,347,991	1,143,173	204,818
Operating expenditures	463,500	434,981	28,519
Professional services	22,238	18,706	3,532
Capital outlay	493,000	467,158	25,842
Total environmental protection	<u>2,326,729</u>	<u>2,064,018</u>	<u>262,711</u>
Cultural and recreation:			
Parks and recreation			
Salaries and employee benefits	2,230,322	2,023,415	206,907
Operating expenditures	1,331,793	1,023,267	308,526
Professional services	1,482,288	1,216,652	265,636
Capital outlay	443,398	388,167	55,231
Total	<u>5,487,801</u>	<u>4,651,501</u>	<u>836,300</u>
Citizen center			
Salaries and employee benefits	504,452	412,255	92,197
Operating expenditures	369,175	314,523	54,652
Professional services	171,700	114,063	57,637
Capital outlay	219,685	141,431	78,254
Total	<u>1,265,012</u>	<u>982,272</u>	<u>282,740</u>

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
For the Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
Golf course			
Salaries and employee benefits	784,643	742,174	42,469
Operating expenditures	671,710	621,744	49,966
Professional services	218,647	196,344	22,303
Capital outlay	100,400	95,073	5,327
Total	<u>1,775,400</u>	<u>1,655,335</u>	<u>120,065</u>
Library			
Salaries and benefits	1,711,358	1,656,651	54,707
Operating expenditures	715,733	651,596	64,137
Professional services	86,678	71,809	14,869
Capital outlay	236,626	158,620	78,006
Total	<u>2,750,395</u>	<u>2,538,676</u>	<u>211,719</u>
Total cultural and recreation	<u>11,278,608</u>	<u>9,827,784</u>	<u>1,450,824</u>
Debt service:			
Principal retirement	8,277,287	8,277,285	2
Interest and fees	4,514,505	4,512,900	1,605
Total debt service	<u>12,791,792</u>	<u>12,790,185</u>	<u>1,607</u>
Total expenditures	<u>68,349,135</u>	<u>63,260,271</u>	<u>5,088,864</u>
Total revenues over (under) expenditures	<u>(1,530,574)</u>	<u>9,144,337</u>	<u>10,674,911</u>
Other financing sources (uses):			
Transfers from other funds:			
Capital reserve fund - Sanitation	495,000	467,158	(27,842)
Transfers to other funds:			
Capital projects fund	(521,000)	(521,000)	-
Home/Trust/CDBG fund	(33,620)	(33,620)	-
Capital reserve fund	(2,151,338)	(2,151,338)	-
Sale of capital assets	-	181,480	181,480
Total other financing sources (uses):	<u>(2,210,958)</u>	<u>(2,057,320)</u>	<u>153,638</u>
Fund balance appropriated	<u>3,741,532</u>	<u>-</u>	<u>(3,741,532)</u>
Net change in fund balances	<u>\$ -</u>	<u>7,087,017</u>	<u>\$ 7,087,017</u>
Fund balance:			
Beginning of year		<u>29,455,773</u>	
End of year		<u>\$ 36,542,790</u>	

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL RESERVE FUND - SANITATION
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Solid waste fee	\$ 495,000	\$ 500,000	\$ 5,000
Total revenues	495,000	500,000	5,000
EXPENDITURES			
Other financing sources (uses)			
Transfers to other funds:			
General fund	(495,000)	(467,158)	27,842
Total other financing sources (uses)	(495,000)	(467,158)	27,842
 Net change in fund balance	\$ -	32,842	\$ 32,842
 Fund balance:			
Beginning of year		43,370	
End of year		\$ 76,212	

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL RESERVE FUND
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
Capital Outlay	\$ 2,151,338	\$ -	\$ 2,151,338
Total expenditures	<u>2,151,338</u>	<u>-</u>	<u>2,151,338</u>
Other financing sources (uses)			
Transfers from other funds:			
General fund	2,151,338	2,151,338	-
Transfers to other funds:			
General fund capital projects	(1,530,313)	(1,530,313)	-
Total other financing sources (uses)	<u>621,025</u>	<u>621,025</u>	<u>-</u>
Fund balance appropriated	<u>1,530,313</u>	<u>-</u>	<u>(1,530,313)</u>
Net change in fund balance	<u>\$ -</u>	<u>621,025</u>	<u>\$ 621,025</u>
Fund balance:			
Beginning of year		<u>1,848,662</u>	
End of year		<u>\$ 2,469,687</u>	

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
POWELL BILL FUND
For the Fiscal Year Ended June 30, 2019

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Powell Bill distribution	\$ 1,000,000	\$ 1,016,286	\$ 16,286
Interest income	2,400	19,414	17,014
Total revenues	<u>1,002,400</u>	<u>1,035,700</u>	<u>33,300</u>
EXPENDITURES			
Operating expenditures	241,000	218,299	22,701
Capital outlay	881,400	880,656	744
Total expenditures	<u>1,122,400</u>	<u>1,098,955</u>	<u>23,445</u>
Total revenues under expenditures	<u>(120,000)</u>	<u>(63,255)</u>	<u>56,745</u>
Fund balance appropriated	<u>120,000</u>	-	<u>(120,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>(63,255)</u>	<u>\$ (63,255)</u>
Fund balance:			
Beginning of year		<u>862,828</u>	
End of year		<u>\$ 799,573</u>	

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
From Inception and For the Fiscal Year Ended June 30, 2019

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
REVENUES					
Restricted intergovernmental:					
Investment earnings	\$ 439,361	\$ 196,333	\$ 170,402	\$ 366,735	\$ (72,626)
CMAC and discretionary funding	8,754,379	831,854	799,321	1,631,175	(7,123,204)
PARTF Grant	500,000	-	-	-	(500,000)
Miscellaneous	701,934	537,434	-	537,434	(164,500)
Total revenues	<u>10,395,674</u>	<u>1,565,621</u>	<u>969,723</u>	<u>2,535,344</u>	<u>(7,860,330)</u>
EXPENDITURES					
Administration expenses	226,614	113,500	100,807	214,307	12,307
Cultural and recreational:					
Edgemoor Park improvements	1,736,206	1,731,301	4,904	1,736,205	1
Golf Course Club House	5,977,947	5,957,759	20,187	5,977,946	1
Liberty Park	2,518,824	86,164	972,475	1,058,639	1,460,185
Selma Burke Center renovation	4,760,600	290,122	2,325,037	2,615,159	2,145,441
Dye Creek Greenway	413,000	171,754	94,804	266,558	146,442
Cornelius Road Park Phase 2	204,110	4,650	96,706	101,356	102,754
Recreation Bonds - 2015	25,313	-	-	-	25,313
Streets and sidewalks:					
NC 115/NC 150 intersection improvements	2,314,750	452,596	928,517	1,381,113	933,637
Mooreville School network sidewalk	4,086,750	349,596	16,601	366,197	3,720,553
Faith Road/NC 115 improvements	3,331,256	387,376	194,890	582,266	2,748,990
NC 801/ NC 150 improvements	2,218,500	643,789	348,169	991,958	1,226,542
Mill Village Street improvements	2,504,084	836,417	880,140	1,716,557	787,527
West Wilson Avenue improvements	588,785	267,152	197,908	465,060	123,725
West McLelland Avenue improvements	3,667,745	289,933	953,391	1,243,324	2,424,421
Street resurfacing project	1,440,271	944,068	410,336	1,354,404	85,867
Street Bonds - 2015	134,875	-	-	-	134,875
Street Bonds - 2019	7,023,489	-	-	-	7,023,489
Total expenditures	<u>43,173,119</u>	<u>12,526,177</u>	<u>7,544,872</u>	<u>20,071,049</u>	<u>23,102,070</u>
Revenues under expenditures	(32,777,445)	(10,960,556)	(6,575,149)	(17,535,705)	15,241,740
OTHER FINANCING SOURCES (USES)					
Issuance of 2015 General Obligation Bonds	13,138,140	13,138,140	-	13,138,140	-
Underwriter's Discount 2019 General Obligation Bonds	(47,750)	-	(47,750)	(47,750)	-
Net Premium 2019 General Obligation Bonds	1,030,185	-	1,030,185	1,030,185	-
Par Amount 2019 General Obligation Bonds	10,000,000	-	10,000,000	10,000,000	-
Issuance of 2016 installment financing	4,000,000	4,000,000	-	4,000,000	-
Transfer from General Capital Reserve Fund	1,530,313	-	1,530,313	1,530,313	-
Transfer from General Fund	3,126,557	2,605,557	521,000	3,126,557	-
Total other financing sources (uses)	<u>32,777,445</u>	<u>19,743,697</u>	<u>13,033,748</u>	<u>32,777,445</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>\$ 8,783,141</u>	<u>6,458,599</u>	<u>\$ 15,241,740</u>	<u>\$ 15,241,740</u>
Fund balance:					
Beginning of year			8,783,141		
End of year			<u>\$ 15,241,740</u>		





Non-Major Governmental Funds

The Home Program Grant Project Fund accounts for the Home Program Grant that is restricted to home rehabilitation and down payment assistance.

The CDBG (Community Development Block Grant) Fund provides the Town with resources to address a wide range of community development needs. Also, they provide grants to accomplish community development activities.



TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL
NON-MAJOR SPECIAL REVENUE FUND - HOME/TRUST/CDBG FUNDS
From Inception and For the Fiscal Year Ended June 30, 2019

	Project		Actual		Variance Favorable (Unfavorable)
	Authorization	Prior Years	Current Year	Total to Date	
REVENUES					
Restricted intergovernmental:					
Home Funds 14-15	\$ -	\$ 30,374	\$ 30,000	\$ 60,374	\$ 60,374
Home Funds 15-16	77,932	67,046	10,886	77,932	-
Home Funds 16-17	82,075	19,671	37,114	56,785	(25,290)
Home Funds 17-18	101,545	5,470	278	5,748	(95,797)
Home Funds 18-19	142,547	-	6,622	6,622	(135,925)
Program Income	36,000	515,600	61,249	576,849	540,849
Total revenues	440,099	638,161	146,149	784,310	344,211
EXPENDITURES					
Economic development:					
Home Projects	536,869	289,279	104,400	393,679	143,190
CDBG Projects	236,169	41,607	47,741	89,348	146,821
Total expenditures	773,038	330,886	152,141	483,027	290,011
Revenues over (under) expenditures	(332,939)	307,275	(5,992)	301,283	634,222
OTHER FINANCING SOURCES					
Transfer from General Fund	33,620	59,151	33,620	92,771	59,151
Appropriated Fund Balance	299,319	57,982	-	57,982	(241,337)
Total other financing sources	332,939	117,133	33,620	150,753	(182,186)
Revenues and other sources over expenditures	\$ -	\$ 424,408	27,628	\$ 452,036	\$ 452,036
Fund balance:					
Beginning of year			424,408		
End of year			\$ 452,036		





Major Enterprise Funds

The Proprietary Fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The Town uses a proprietary fund to account for its water and sewer activities.

The Capital Reserve Fund is used for the purchase of long-term or large-scale capital projects for the proprietary funds.

The Utility Capital Projects Fund is used to account for water and sewer line upgrades, pump stations, storm water improvements and related equipment to complete these projects.



TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
WATER AND SEWER FUND
For The Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Operating Revenues:			
Charges for services			
Water sales	\$ 9,279,598	\$ 10,637,661	\$ 1,358,063
Sewer charges	11,341,701	11,554,279	212,578
Water and sewer taps	130,000	259,893	129,893
Penalties	85,000	119,837	34,837
Fees	610,000	975,649	365,649
Miscellaneous	716,540	720,031	3,491
Total operating revenues	<u>22,162,839</u>	<u>24,267,350</u>	<u>2,104,511</u>
Nonoperating Revenues:			
Interest on investments	40,000	119,998	79,998
Total nonoperating revenues	<u>40,000</u>	<u>119,998</u>	<u>79,998</u>
Total revenues	<u>22,202,839</u>	<u>24,387,348</u>	<u>2,184,509</u>
EXPENDITURES			
Water and Sewer Administration:			
Salaries and employee benefits	3,856,744	3,703,052	153,692
Professional services	739,703	606,681	133,022
Operating expenditures	3,381,730	2,784,152	597,578
Repairs and maintenance	1,313,000	573,195	739,805
Total water and sewer administration	<u>9,291,177</u>	<u>7,667,080</u>	<u>1,624,097</u>
Water Treatment:			
Salaries and employee benefits	1,084,882	1,053,255	31,627
Professional services	600,296	511,130	89,166
Operating expenditures	677,650	592,443	85,207
Repairs and maintenance	472,554	300,489	172,065
Total water treatment	<u>2,835,382</u>	<u>2,457,317</u>	<u>378,065</u>
Wastewater Treatment:			
Salaries and employee benefits	1,371,320	1,254,506	116,814
Professional services	136,525	109,467	27,058
Operating expenditures	1,459,750	1,330,500	129,250
Repairs and maintenance	447,869	362,268	85,601
Total wastewater treatment	<u>3,415,464</u>	<u>3,056,741</u>	<u>358,723</u>
Debt Service:			
Principal retirement	4,004,783	4,004,782	1
Interest and other charges	2,680,634	2,680,569	65
Total debt service	<u>6,685,417</u>	<u>6,685,351</u>	<u>66</u>

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
WATER AND SEWER FUND
For The Fiscal Year Ended June 30, 2019

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Capital outlay	2,385,286	1,746,833	638,453
Total expenditures	<u>24,612,726</u>	<u>21,613,322</u>	<u>2,999,404</u>
Revenues over expenditures	<u>(2,409,887)</u>	<u>2,774,026</u>	<u>5,183,913</u>
Other Financing Sources (Uses):			
Fund balance appropriated	2,919,887	-	(2,919,887)
Transfers to other funds	<u>(510,000)</u>	<u>(510,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>2,409,887</u>	<u>(510,000)</u>	<u>(2,919,887)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 2,264,026</u>	<u>\$ 2,264,026</u>

Reconciliation from budgetary basis (modified accrual) to full accrual basis:

Total revenues and transfers in	\$ 24,387,348
Total expenditures and transfers out	<u>22,123,322</u>
Revenues and other financing sources over expenditures and other financing uses	<u>2,264,026</u>
Revenues and other financing sources under expenditures and other financing uses -	
Utility Capital Reserve Fund	5,997,998
Utility Capital Projects Fund	(9,604,870)
Reconciling items:	
Payment on debt principal	4,004,782
Change in accrued interest	29,059
Capital outlay	11,882,203
Sale of capital assets	(8,765)
Deferred bond premium	220,644
Payroll accrual	(10,661)
Increase in OPEB liability	1,147,317
Decrease in deferred outflows of resources - OPEB	6,977
Decrease in deferred inflows of resources - OPEB	(1,376,877)
Increase in deferred outflows of resources - pensions	371,659
Increase in net pension liability	(456,107)
Increase in deferred inflows of resources - pensions	<u>18,621</u>
Total reconciling items	15,828,852
Depreciation	<u>(4,708,534)</u>
Change in net position	<u>\$ 9,777,472</u>

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON - GAAP)
UTILITY CAPITAL PROJECTS FUND
From Inception and For the Fiscal Year Ended June 30, 2019

	Project Authorization	Actual		Total to Date	Variance
		Prior Years	Current Year		Favorable (Unfavorable)
REVENUES					
Nonoperating revenues:					
Interest on investments	\$ -	\$ 16,316	\$ -	\$ 16,316	\$ 16,316
Total revenues	-	16,316	-	16,316	16,316
EXPENDITURES					
Mount Mourne gravity sewer	4,053,584	66,608	3,521,795	3,588,403	465,181
Mill Village upgrades	4,406,505	1,890,059	1,007,916	2,897,975	1,508,530
Raw water lines	3,098,700	2,962,972	-	2,962,972	135,728
42 inch sewer line extension	4,034,631	702,998	2,808,100	3,511,098	523,533
Mill Village stormwater improvements	1,073,285	415,622	502,514	918,136	155,149
Northside force main	1,397,970	49,437	332,313	381,750	1,016,220
Langtree Road/I-77 sewer project	2,358,281	1,773	1,942,232	1,944,005	414,276
Total expenditures	20,422,956	6,089,469	10,114,870	16,204,339	4,218,617
Revenues (under) expenditures	(20,422,956)	(6,073,153)	(10,114,870)	(16,188,023)	4,234,933
OTHER FINANCING SOURCES (USES)					
Transfer from Stormwater Fund	1,098,969	1,098,969	-	1,098,969	-
Transfer from Utility Fund	19,323,987	18,813,987	510,000	19,323,987	-
Total other financing sources (uses)	20,422,956	19,912,956	510,000	20,422,956	-
Revenues and other financial sources over (under) expenditures and other uses	\$ -	\$ 13,839,803	\$ (9,604,870)	\$ 4,234,933	\$ 4,234,933

**TOWN OF MOORESVILLE, NORTH CAROLINA
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
 FUND BALANCE - BUDGET AND ACTUAL (NON - GAAP)
 UTILITY CAPITAL RESERVE FUND
 For the Fiscal Year Ended June 30, 2019**

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
System development fees	\$ 3,350,000	\$ 5,997,998	\$ 2,647,998
Total revenues	3,350,000	5,997,998	2,647,998
EXPENDITURES			
Capital outlay	3,350,000	-	3,350,000
Total expenditures	3,350,000	-	3,350,000
Net change in fund balance	\$ -	5,997,998	\$ 5,997,998
Fund balance:			
Beginning of year		5,768,832	
End of year		\$ 11,766,830	



Non-Major Enterprise Funds

The Stormwater Fund is used to account for the operations and maintenance of the Town's stormwater program which manages stormwater runoff through stream cleaning, bank stabilization, and maintenance of detention lakes and ponds.



TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)
STORMWATER FUND
For The Fiscal Year Ended June 30, 2019

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Operating revenues:			
Charges for services			
Stormwater fee	\$ 1,615,729	\$ 1,730,373	\$ 114,644
Miscellaneous	30,000	30,327	327
Total revenues	<u>1,645,729</u>	<u>1,760,700</u>	<u>114,971</u>
EXPENDITURES			
Stormwater Administration:			
Salaries and employee benefits	449,035	345,229	103,806
Professional services	12,780	4,665	8,115
Operating expenditures	117,914	80,145	37,769
Repairs and maintenance	18,500	17,136	1,364
Total Stormwater administration	<u>598,229</u>	<u>447,175</u>	<u>151,054</u>
Capital outlay	<u>1,100,888</u>	<u>683,170</u>	<u>417,718</u>
Total expenditures	<u>1,699,117</u>	<u>1,130,345</u>	<u>568,772</u>
Revenues over expenditures	<u>(53,388)</u>	<u>630,355</u>	<u>683,743</u>
Other Financing Sources (Uses):			
Fund balance appropriated	<u>53,388</u>	<u>-</u>	<u>(53,388)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 630,355</u>	<u>\$ 630,355</u>

Reconciliation from budgetary basis (modified accrual) to full accrual basis:

Total revenues and transfers in	\$ 1,760,700
Total expenditures and transfers out	<u>(1,130,345)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>630,355</u>
Reconciling items:	
Capital outlay	683,170
Payroll accrual	(9,581)
Pension expense	<u>(4,179)</u>
Total reconciling items	669,410
Depreciation	<u>(182,680)</u>
Change in net position	<u>\$ 1,117,085</u>





Agency Funds

Agency Funds are custodial in nature and do not involve the measurement of operating results. Agency funds are used to account for the assets the Town holds on behalf of others. The Town maintains the following Agency Funds: Mooresville Travel and Tourism Authority and the Mooresville Alcoholic Beverage Control (component units of the Town of Mooresville).



TOWN OF MOORESVILLE, NORTH CAROLINA
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
For The Fiscal Year Ended June 30, 2019

	Balance June 30, 2018	Additions	Deductions	Balance June 30, 2019
Travel & Tourism				
Assets:				
Cash and cash equivalents	\$ 189,493	\$ 1,080,442	\$ 1,052,547	\$ 217,388
Accounts receivable	102,088	105,326	102,088	105,326
	<u>\$ 291,581</u>	<u>\$ 1,185,768</u>	<u>\$ 1,154,635</u>	<u>\$ 322,714</u>
Liabilities:				
Intergovernmental payable	291,581	1,062,844	1,031,711	322,714
	<u>\$ 291,581</u>	<u>\$ 1,062,844</u>	<u>\$ 1,031,711</u>	<u>\$ 322,714</u>
ABC Revenue				
Assets:				
Cash and cash equivalents	\$ -	\$ 720,000	\$ 720,000	\$ -
Accounts receivable	200,000	200,644	200,000	200,644
	<u>\$ 200,000</u>	<u>\$ 920,644</u>	<u>\$ 920,000</u>	<u>\$ 200,644</u>
Liabilities:				
Intergovernmental payable	200,000	720,644	720,000	200,644
	<u>\$ 200,000</u>	<u>\$ 720,644</u>	<u>\$ 720,000</u>	<u>\$ 200,644</u>
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 189,493	\$ 1,800,442	\$ 1,772,547	\$ 217,388
Accounts receivable	302,088	305,970	302,088	305,970
	<u>\$ 491,581</u>	<u>\$ 2,106,412</u>	<u>\$ 2,074,635</u>	<u>\$ 523,358</u>
Liabilities:				
Intergovernmental payable	491,581	1,783,488	1,751,711	523,358
	<u>\$ 491,581</u>	<u>\$ 1,783,488</u>	<u>\$ 1,751,711</u>	<u>\$ 523,358</u>





Additional Financial Data

This section contains additional information on property taxes and transfers.

- General Fund – Town-wide Levy
 - Schedule of Ad Valorem Taxes Receivable
 - Analysis of Current Tax Levy

- General Fund – Mooresville Downtown Special Tax District
 - Schedule of Ad Valorem Taxes Receivable
 - Analysis of Current Tax Levy

- Schedule of Transfers



**TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
TOWN-WIDE LEVY
June 30, 2019**

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections And Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 37,967,586	\$ 37,670,914	\$ 296,672
2017-2018	299,640	-	193,785	105,855
2016-2017	118,431	-	32,236	86,195
2015-2016	162,346	-	19,342	143,004
2014-2015	57,463	-	8,009	49,454
2013-2014	74,459	-	9,082	65,377
2012-2013	106,797	-	13,522	93,275
2011-2012	122,315	-	11,382	110,933
2010-2011	113,893	-	11,773	102,120
2009-2010	125,271	-	11,118	114,153
2008-2009	82,355	-	82,355	-
Totals	<u>\$ 1,262,970</u>	<u>\$ 37,967,586</u>	<u>\$ 38,063,518</u>	<u>1,167,038</u>

Less: Allowance for uncollectible accounts:

General Fund (378,892)

Ad Valorem taxes receivable - net \$ 788,146

Reconciliation with revenues:

Ad Valorem taxes - General Fund \$ 38,090,078

Reconciling items:

NC VTS fees 19,361

Interest collected (128,276)

Taxes written off - state statute 82,355

Total collections and credits \$ 38,063,518

**TOWN OF MOORESVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For The Fiscal Year Ended June 30, 2019**

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 6,515,492,996	0.58	\$ 37,782,639	\$ 34,941,407	\$ 2,841,232
Penalties	-		28,779	28,779	-
Total	6,515,492,996	0.58	37,811,418	34,970,186	2,841,232
Discoveries:					
Current year taxes	28,733,821	0.58	166,656	166,656	-
Penalties	-		19,585	19,585	-
Total	28,733,821		186,241	186,241	-
Abatements	(4,951,914)		(30,073)	(30,073)	-
Total property valuation	\$ 6,539,274,903				
Net levy			37,967,586	35,126,354	2,841,232
Unpaid (by taxpayers) taxes at June 30, 2019			(296,672)	(282,469)	(14,203)
Current year's taxes collected			\$ 37,670,914	\$ 34,843,885	\$ 2,827,029
Current levy collection percentage			99.22%	99.20%	99.50%

**TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
MOORESVILLE DOWNTOWN SPECIAL TAX DISTRICT
June 30, 2019**

Fiscal Year	Uncollected Balance June 30, 2018	Additions	Collections And Credits	Uncollected Balance June 30, 2019
2018-2019	\$ -	\$ 77,194	\$ 76,160	\$ 1,034
2017-2018	841	-	413	428
2016-2017	580	-	32	548
2015-2016	644	-	49	595
2014-2015	524	-	53	471
2013-2014	493	-	53	440
2012-2013	467	-	100	367
2011-2012	537	-	17	520
2010-2011	618	-	5	613
2009-2010	3,039	-	-	3,039
2008-2009	335	-	335	-
Totals	<u>\$ 8,078</u>	<u>\$ 77,194</u>	<u>\$ 77,217</u>	<u>8,055</u>

Less: Allowance for uncollectible accounts:

General Fund (2,422)

Ad Valorem taxes receivable - net \$ 5,633

Reconciliation with revenues:

Ad Valorem taxes - Mooresville Downtown District \$ 76,515

Reconciling items:

NC VTS fees 948

Interest and penalties (581)

Taxes written off 335

Total collections and credits \$ 77,217

**TOWN OF MOORESVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
MOORESVILLE DOWNTOWN SPECIAL TAX DISTRICT
For The Fiscal Year Ended June 30, 2019**

	Mooreville Downtown			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 47,552,366	0.16	\$ 76,084	\$ 70,570	\$ 5,514
Penalties	-		483	483	-
Total	47,552,366	0.16	76,567	71,053	5,514
Discoveries:					
Current year taxes	308,069	0.16	493	493	-
Penalties	-		134	134	-
Total	308,069		627	627	-
Abatements	-		-	-	-
Total property valuation	\$ 47,860,435				
Net levy			77,194	71,680	5,514
Unpaid (by taxpayer) taxes at June 30, 2019			(1,034)	(914)	(120)
Current year's taxes collected			\$ 76,160	\$ 70,766	\$ 5,394
Current levy collection percentage			98.66%	98.72%	97.83%

**TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF TRANSFERS
June 30, 2019**

	Transfers	
	From	To
Transfers From/To Other Funds		
Sanitation capital reserve fund	\$ 467,158	\$ -
General capital reserve fund	1,530,313	2,151,338
General capital projects fund	-	2,051,313
Utility capital projects fund	-	510,000
Home/Trust/CDBG fund	-	33,620
General fund	2,705,958	467,158
Utility fund	510,000	-
	510,000	-
Total transfers from/to other funds	\$ 5,213,429	\$ 5,213,429





STATISTICAL SECTION

This part of the Comprehensive Annual Financial Report presents detailed information as a context for understanding what the information in the financial statements, note disclosures and required supplementary information says about the government’s overall financial health.

Contents:	Page
Financial Trends.....	144
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	
Revenue Capacity	155
These schedules contain information to help the reader assess the government’s most significant local revenue source, property tax. The Town’s other major local revenue sources are utility revenues of which the water utility revenues are the largest.	
Debt Capacity.....	168
These schedules present information to help the reader assess the affordability of the government’s current level of outstanding debt and the government’s ability to issue additional debt in the future.	
Demographic and Economic Information.....	176
These schedules offer economic and demographic indicators to help the reader understand the environment within which the government’s financial activities take place.	
Operating Information	180
These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and the activities it performs.	

TABLE 1

**TOWN OF MOORESVILLE, NORTH CAROLINA
NET POSITION BY COMPONENT (UNAUDITED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GOVERNMENTAL ACTIVITIES NET POSITION										
Net investment in capital assets	\$ 27,405,521	\$ 27,464,059	\$ 35,583,120	\$ 39,411,617	\$ 41,244,263	\$ 36,765,559	\$ 34,683,608	\$ 47,322,250	\$ 49,327,494	\$ 40,957,113
Restricted	1,855,870	4,208,903	13,354,084	5,755,920	5,665,911	5,205,232	6,831,494	6,589,608	7,149,696	11,851,451
Unrestricted	21,495,884	21,669,228	5,490,861	7,800,082	5,218,716	12,566,761	15,793,977	1,544,126	(24,133,214)	(9,500,476)
Total governmental activities net position, as restated	<u>\$ 50,757,275</u>	<u>\$ 53,342,190</u>	<u>\$ 54,428,065</u>	<u>\$ 52,967,619</u>	<u>\$ 52,128,890</u>	<u>\$ 54,537,552</u>	<u>\$ 57,309,079</u>	<u>\$ 55,455,984</u>	<u>\$ 32,343,976</u>	<u>\$ 43,308,088</u>
BUSINESS-TYPE ACTIVITIES NET POSITION										
Net investment in capital assets	\$ 46,802,620	\$ 47,919,131	\$ 56,729,563	\$ 53,868,075	\$ 60,512,165	\$ 61,846,039	\$ 64,283,256	\$ 68,280,941	\$ 72,420,139	\$ 82,544,751
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	18,157,978	24,096,445	23,231,249	33,685,200	32,069,569	34,595,747	39,873,429	45,069,253	45,560,445	46,330,390
Total business-type activities net position, as restated	<u>\$ 64,960,598</u>	<u>\$ 72,015,576</u>	<u>\$ 79,960,812</u>	<u>\$ 87,553,275</u>	<u>\$ 92,581,734</u>	<u>\$ 96,441,786</u>	<u>\$ 104,156,685</u>	<u>\$ 113,350,194</u>	<u>\$ 117,980,584</u>	<u>\$ 128,875,141</u>
PRIMARY GOVERNMENT NET POSITION										
Net investment in capital assets	\$ 74,208,141	\$ 75,383,190	\$ 92,312,683	\$ 93,279,692	\$ 101,756,428	\$ 98,611,598	\$ 98,966,864	\$ 115,603,191	\$ 121,747,633	\$ 123,501,864
Restricted	1,855,870	4,208,903	13,354,084	5,755,920	5,665,911	5,205,232	6,831,494	6,589,608	7,149,696	11,851,451
Unrestricted	39,653,862	45,765,673	28,722,110	41,485,282	37,288,285	47,162,508	55,667,406	46,613,379	21,427,231	36,829,914
Total primary government net position, as restated	<u>\$ 115,717,873</u>	<u>\$ 125,357,766</u>	<u>\$ 134,388,877</u>	<u>\$ 140,520,894</u>	<u>\$ 144,710,624</u>	<u>\$ 150,979,338</u>	<u>\$ 161,465,764</u>	<u>\$ 168,806,178</u>	<u>\$ 150,324,560</u>	<u>\$ 172,183,229</u>



TOWN OF MOORESVILLE, NORTH CAROLINA
CHANGES IN NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
EXPENSES										
Governmental activities:										
General government	\$ 15,060,096	\$ 11,067,649	\$ 9,989,465	\$ 9,146,057	\$ 10,115,925	\$ 9,575,435	\$ 11,098,565	\$ 12,157,889	\$ 11,707,662	\$ 11,991,919
Transportation	3,224,833	3,191,898	3,743,392	3,907,548	3,697,371	3,768,097	3,751,166	4,046,548	4,075,838	4,640,959
Public safety	13,133,977	13,911,924	14,420,428	15,569,175	17,095,180	17,065,326	17,749,288	20,404,638	21,341,828	21,956,310
Economic and physical development	4,974,985	8,553,316	9,268,623	13,124,648	10,914,732	10,453,643	9,234,146	10,052,860	9,846,479	7,598,228
Environmental protection	1,591,995	1,685,486	2,149,440	1,849,663	1,973,913	1,845,431	1,951,228	2,150,255	2,020,075	2,089,294
Cultural and recreation	6,795,428	5,279,840	5,337,073	6,514,640	7,608,298	7,705,742	8,134,783	9,864,584	10,573,718	11,871,663
Debt service										
Interest on long-term debt	6,663,343	7,100,232	6,840,409	6,764,395	6,065,717	4,895,770	8,094,825	8,171,747	5,053,693	3,967,464
Total governmental activities expenses	51,444,657	50,790,345	51,748,830	56,876,126	57,471,136	55,309,444	60,014,001	66,848,521	64,619,293	64,115,837
Business-type activities:										
Utility	11,698,070	12,522,706	12,588,638	14,025,428	16,111,717	19,380,850	19,483,647	20,051,460	19,625,372	21,263,224
Total business-type activities expenses	11,698,070	12,522,706	12,588,638	14,025,428	16,111,717	19,380,850	19,483,647	20,051,460	19,625,372	21,263,224
Total primary government expenses	\$ 63,142,727	\$ 63,313,051	\$ 64,337,468	\$ 70,901,554	\$ 73,582,853	\$ 74,690,294	\$ 79,497,648	\$ 86,899,981	\$ 84,244,665	\$ 85,379,061
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 234,012	\$ 248,298	\$ 229,390	\$ 363,003	\$ 377,640	\$ 553,220	\$ 402,825	\$ 681,875	\$ 657,373	\$ 511,444
Transportation	-	9,706	227,377	58	23,419	68,638	607,115	567,912	556,393	40,046
Public safety	37,132	19,987	56,012	71,718	47,414	442,219	75,386	392,347	664,068	889,658
Environmental protection	117,188	30,565	536,765	525,698	881,593	969,627	503,822	530,901	386,678	1,649,103
Cultural and recreation	1,484,342	1,596,716	1,631,984	1,820,802	1,939,176	1,649,920	1,291,951	2,649,777	2,843,139	3,007,007
Operating grants and contributions:										
General government	2,895	259,525	256,291	200,000	-	263,000	-	30,489	-	79,992
Transportation	859,593	891,261	1,564,648	1,130,382	984,990	1,004,327	1,028,382	1,046,188	1,068,873	1,082,165
Public safety	194,755	236,445	185,080	1,621,206	603,461	154,385	214,938	418,538	680,111	552,052
Economic and physical development	235,499	72,979	138,106	112,038	75,757	252,279	84,163	296,393	183,700	146,149
Environmental protection	-	-	100,000	-	49,158	22,280	22,953	31,205	25,955	29,725
Cultural and recreation	1,657,198	1,497,978	1,385,730	357,367	1,530,645	1,519,269	1,656,711	1,707,035	1,858,458	1,912,913
Capital grants and contributions:										
Cultural and recreation	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	4,822,614	4,863,460	6,311,383	6,202,272	6,513,253	6,899,164	5,888,246	8,352,660	8,924,748	9,900,254
Business-type activities:										
Charges for services:										
Utility	18,242,699	20,449,036	21,164,954	21,597,300	21,135,017	23,746,418	27,190,905	29,217,955	29,713,038	32,037,783
Capital grants and contributions:										
Utility	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	18,242,699	20,449,036	21,164,954	21,597,300	21,135,017	23,746,418	27,190,905	29,217,955	29,713,038	32,037,783
Total primary government program revenues	\$ 23,065,313	\$ 25,312,496	\$ 27,476,337	\$ 27,799,572	\$ 27,648,270	\$ 30,645,582	\$ 33,079,151	\$ 37,570,615	\$ 38,637,786	\$ 41,938,037
Net revenue (expense):										
Governmental activities	(46,622,043)	(45,926,885)	(45,437,447)	(50,673,854)	(50,957,883)	(48,410,280)	(54,125,755)	(58,495,861)	(55,694,545)	(54,215,583)
Business-type activities	6,544,629	7,926,330	8,576,316	7,571,872	5,023,300	4,365,568	7,707,258	9,166,495	10,087,666	10,774,559
Total primary government net revenue (expense)	\$ (40,077,414)	\$ (38,000,555)	\$ (36,861,131)	\$ (43,101,982)	\$ (45,934,583)	\$ (44,044,712)	\$ (46,418,497)	\$ (49,329,366)	\$ (45,606,879)	\$ (43,441,024)



TOWN OF MOORESVILLE, NORTH CAROLINA
CHANGES IN NET POSITION (UNAUDITED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes, levied for general purpose	\$ 27,898,329	\$ 29,002,144	\$ 28,648,157	\$ 29,172,415	\$ 28,882,113	\$ 30,275,080	\$ 31,599,081	\$ 32,203,167	\$ 33,853,283	\$ 35,176,763
Motor vehicle taxes	1,508,722	1,472,720	1,576,657	1,708,026	2,572,686	2,215,653	2,485,445	2,586,499	2,631,321	2,841,232
Local option sales tax	5,696,346	5,981,719	6,817,622	7,093,387	7,505,319	8,400,348	9,070,730	9,735,261	10,397,060	11,236,571
Franchise tax	1,834,059	2,109,112	1,959,160	2,248,853	2,293,118	3,320,539	3,828,803	3,511,425	3,633,006	3,780,909
Other taxes	109,436	235,231	264,290	222,861	244,574	240,417	130,824	110,794	139,563	167,030
Grants and contributions not restricted to specific programs	303,506	314,895	285,975	427,321	514,031	624,575	712,830	766,151	808,516	882,077
Unrestricted investment earnings	134,679	81,920	20,534	22,988	16,018	24,253	179,106	345,739	968,210	1,928,251
Reimbursement from joint agency	4,596,773	7,275,612	7,291,797	7,279,734	7,279,709	7,179,855	6,336,395	6,356,783	6,978,569	7,867,152
Miscellaneous	1,910,060	1,347,963	636,552	1,037,823	811,586	1,423,978	3,880,213	1,026,947	1,026,984	1,299,710
Transfers in (out)	450,000	650,000	650,000	-	-	-	-	-	-	-
Total governmental activities general revenues and other changes in net position	44,441,910	48,471,316	48,150,744	49,213,408	50,119,154	53,704,698	58,223,427	56,642,766	60,436,512	65,179,695
Business-type activities:										
Unrestricted investment earnings	60,488	84,071	32,013	20,591	5,159	3,737	7,641	27,014	-	-
Unrestricted intergovernmental	-	-	-	-	-	-	-	-	41,825	119,998
Transfers in (out)	(450,000)	(650,000)	(650,000)	-	-	-	-	-	-	-
Total business-type activities general revenues and other changes in net position	(389,512)	(565,929)	(617,987)	20,591	5,159	3,737	7,641	27,014	41,825	119,998
Total primary government general revenues and other changes in net position	\$ 44,052,398	\$ 47,905,387	\$ 47,532,757	\$ 49,233,999	\$ 50,124,313	\$ 53,708,435	\$ 58,231,068	\$ 56,669,780	\$ 60,478,337	\$ 65,299,693
Change in net position:										
Governmental activities	(2,180,133)	2,544,431	2,713,297	(1,460,446)	(838,729)	5,294,418	4,097,672	(1,853,095)	4,741,967	10,964,112
Business-type activities	6,155,117	7,360,401	7,958,329	7,592,463	5,028,459	4,369,305	7,714,899	9,193,509	10,129,491	10,894,557
Total primary government change in net position	\$ 3,974,984	\$ 9,904,832	\$ 10,671,626	\$ 6,132,017	\$ 4,189,730	\$ 9,663,723	\$ 11,812,571	\$ 7,340,414	\$ 14,871,458	\$ 21,858,669



TABLE 3

**TOWN OF MOORESVILLE, NORTH CAROLINA
FUND BALANCES
GOVERNMENTAL FUNDS (UNAUDITED)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
MAJOR GOVERNMENTAL FUND BALANCES										
General fund										
Non-spendable	\$ 26,600	\$ 26,600	\$ 29,649	\$ 60,838	\$ 87,742	\$ 87,713	\$ 114,469	\$ 156,989	\$ 197,569	\$ 244,028
Restricted	5,204,268	4,174,279	5,239,509	5,251,104	5,501,439	4,925,195	6,565,560	8,238,087	8,617,320	11,399,415
Committed	5,791,404	848,682	1,400,000	500,000	500,000	500,000	550,000	550,000	650,000	650,000
Assigned	-	-	4,402,560	5,139,182	4,672,397	4,125,925	3,906,425	2,215,924	-	-
Unassigned	13,931,963	21,180,547	16,630,459	11,692,294	11,451,840	14,437,203	16,696,819	16,130,585	22,745,744	27,594,819
Capital projects fund										
Committed	-	-	8,114,575	6,880,330	6,112,269	17,965,974	19,580,024	11,221,549	-	15,241,740
Assigned	27,713,218	11,880,627	-	-	-	-	-	-	-	-
Total major governmental fund balances	<u>52,667,453</u>	<u>38,110,735</u>	<u>35,816,752</u>	<u>29,523,748</u>	<u>28,325,687</u>	<u>42,042,010</u>	<u>47,413,297</u>	<u>38,513,134</u>	<u>32,210,633</u>	<u>55,130,002</u>
NON-MAJOR OTHER GOVERNMENTAL FUND BALANCES										
Restricted	355,710	367,137	394,234	504,816	304,013	429,651	355,215	420,685	424,408	452,036
Committed	-	-	-	-	-	-	-	-	8,783,141	-
Total non-major other governmental fund balances	<u>355,710</u>	<u>367,137</u>	<u>394,234</u>	<u>504,816</u>	<u>304,013</u>	<u>429,651</u>	<u>355,215</u>	<u>420,685</u>	<u>9,207,549</u>	<u>452,036</u>
Total governmental fund balances	<u>\$ 53,023,163</u>	<u>\$ 38,477,872</u>	<u>\$ 36,210,986</u>	<u>\$ 30,028,564</u>	<u>\$ 28,629,700</u>	<u>\$ 42,471,661</u>	<u>\$ 47,768,512</u>	<u>\$ 38,933,819</u>	<u>\$ 41,418,182</u>	<u>\$ 55,582,038</u>

*Capital projects fund was reported as a non-major fund in fiscal year 2018.



TABLE 4

**TOWN OF MOORESVILLE, NORTH CAROLINA
CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS (UNAUDITED)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)**

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
REVENUES										
Taxes	\$ 36,407,250	\$ 38,097,104	\$ 38,075,832	\$ 39,820,262	\$ 41,422,542	\$ 44,592,272	\$ 47,234,311	\$ 49,203,119	\$ 50,806,248	\$ 53,356,947
Licenses and permits	111,004	160,217	150,995	222,861	244,574	240,417	130,824	110,794	139,563	167,030
Intergovernmental	3,208,607	3,212,363	3,886,795	3,713,515	3,608,393	3,672,429	3,559,881	4,125,096	4,456,399	4,512,201
Charges for services	1,872,674	1,905,272	2,681,528	2,781,279	3,269,242	3,683,624	2,881,099	4,822,812	5,107,651	6,097,258
Investment earnings	108,547	55,836	20,534	22,988	16,018	24,253	179,106	345,739	968,210	1,928,254
Reimbursement from joint agency	4,596,773	7,275,612	7,291,797	7,279,734	7,279,709	7,179,855	6,336,395	6,395,970	6,978,569	7,867,152
Miscellaneous	1,858,580	1,378,620	1,457,983	1,067,296	923,496	1,426,591	2,562,921	984,463	1,033,660	1,127,338
Total revenues	48,163,435	52,085,024	53,565,464	54,907,935	56,763,974	60,819,441	62,884,537	65,987,993	69,490,300	75,056,180
EXPENDITURES										
General government	11,518,788	9,374,576	9,137,869	8,581,993	9,676,155	8,875,722	9,767,053	10,605,532	10,462,910	11,185,651
Public safety	12,184,442	12,167,767	12,195,439	13,391,956	14,584,161	15,194,802	15,341,084	17,458,563	18,260,067	19,275,557
Transportation	3,211,566	2,262,691	2,691,082	2,792,506	2,503,273	2,611,808	2,525,859	2,492,933	2,486,069	2,822,916
Environmental Protection	1,591,995	1,358,315	1,754,680	1,516,612	1,608,775	1,491,778	1,517,044	1,650,266	1,519,722	1,596,860
Economic and physical development	2,227,852	5,161,257	5,972,665	9,795,595	7,400,726	6,769,892	5,787,600	6,738,505	6,399,933	3,994,682
Cultural and recreation	4,790,048	4,392,439	4,440,573	5,016,175	5,255,304	5,501,352	5,795,303	7,147,368	7,812,924	9,044,493
Capital outlay	15,182,441	19,669,746	7,026,056	6,969,260	4,506,817	10,307,584	9,512,426	15,653,807	7,120,224	11,345,895
Debt service										
Principal	3,039,793	6,275,605	6,403,266	6,524,167	6,417,351	6,552,351	8,157,351	8,037,285	8,102,285	8,277,285
Interest	6,611,721	7,170,822	6,860,720	6,502,093	6,210,276	5,826,330	5,015,018	5,138,268	4,853,928	4,512,900
Total expenditures	60,358,646	67,833,218	56,482,350	61,090,357	58,162,838	63,131,619	63,418,738	74,922,527	67,018,062	72,056,239
Excess of revenues over (under) expenditures	(12,195,211)	(15,748,194)	(2,916,886)	(6,182,422)	(1,398,864)	(2,312,178)	(534,201)	(8,934,534)	2,472,238	2,999,941
OTHER FINANCING SOURCES (USES)										
Transfers in	4,572,610	5,957,716	4,825,292	6,177,650	4,855,296	71,030	1,454,644	4,549,544	895,511	4,703,429
Transfers out	(4,122,610)	(5,307,716)	(4,175,292)	(6,177,650)	(4,855,296)	(71,030)	(1,454,644)	(4,549,544)	(895,511)	(4,703,429)
Sale of Capital Assets	-	-	-	-	-	-	1,724,181	99,841	12,124	181,480
Proceeds from Recovery Zone Economic Development Bonds	9,478,500	-	-	-	-	-	-	-	-	-
Proceeds from debt financing	-	552,903	-	-	-	-	-	-	-	-
Proceeds from Limited Obligation Refunding Bonds	-	-	-	-	-	71,047,174	-	-	-	-
Proceeds from 2015 General Obligation Bonds	-	-	-	-	-	21,782,000	-	-	-	-
Proceeds from 2016 installment financing	-	-	-	-	-	-	4,000,000	-	-	-
Proceeds from 2019 General Obligation Bonds	-	-	-	-	-	-	-	-	-	10,982,435
Deposit to Escrow Agent Account	-	-	-	-	-	(76,675,035)	-	-	-	-
Refunding bonds issued	-	-	-	-	-	-	18,543,992	-	-	-
Payment to refund bond escrow	-	-	-	-	-	-	(18,437,121)	-	-	-
Total other financing sources (uses)	9,928,500	1,202,903	650,000	-	-	16,154,139	5,831,052	99,841	12,124	11,163,915
Net change in fund balances	\$ (2,266,711)	\$ (14,545,291)	\$ (2,266,886)	\$ (6,182,422)	\$ (1,398,864)	\$ 13,841,961	\$ 5,296,851	\$ (8,834,693)	\$ 2,484,362	\$ 14,163,856
Debt service as a percentage of noncapital expenditures	21.36%	27.92%	26.82%	24.07%	23.53%	23.43%	24.44%	22.23%	21.63%	21.07%





TOWN OF MOORESVILLE, NORTH CAROLINA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (UNAUDITED)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Total
2010	\$ 28,833,574	\$ 5,696,346	\$ 1,834,059	\$ 43,271	\$ 36,407,250
2011	29,870,539	5,981,719	2,109,112	135,734	38,097,104
2012	29,156,720	6,817,622	1,959,160	142,330	38,075,832
2013	30,343,223	7,093,387	2,248,853	134,799	39,820,262
2014	31,474,456	7,505,319	2,293,118	149,649	41,422,542
2015	32,703,699	8,400,348	3,320,539	167,686	44,592,272
2016	34,174,682	9,070,730	3,828,803	160,096	47,234,311
2017	35,785,530	9,735,261	3,511,425	170,903	49,203,119
2018	36,606,968	10,397,060	3,633,006	169,214	50,806,248
2019	38,166,595	11,236,571	3,780,909	172,872	53,356,947

**TOWN OF MOORESVILLE, NORTH CAROLINA
GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE (UNAUDITED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Solid Waste Tax	Alcoholic Beverage Tax	Cable Franchise Tax	Privilege License¹	Total
2010	\$ 29,407,051	\$ 5,696,346	\$ 1,834,059	\$ 20,614	\$ 43,271	\$ 12,617	\$ 32,934	\$ 37,046,892
2011	30,474,864	5,981,719	2,109,112	25,487	135,734	15,508	58,502	38,800,926
2012	30,224,814	6,817,622	1,959,160	17,269	142,330	13,120	47,571	39,221,886
2013	30,880,441	7,093,387	2,248,853	20,913	134,799	16,649	82,487	40,477,529
2014	31,454,799	7,505,319	2,293,118	19,158	149,649	15,961	145,586	41,583,590
2015	30,275,080	8,400,348	3,320,539	22,280	167,686	13,979	121,668	42,321,580
2016	31,599,081	9,070,730	3,828,803	22,953	160,096	15,485	-	44,697,148
2017	32,203,167	9,735,261	3,511,425	31,205	170,903	23,950	-	45,675,911
2018	33,853,283	10,397,060	3,633,006	25,955	169,214	30,333	-	48,108,851
2019	35,176,763	11,236,571	3,780,909	29,725	172,872	29,982	-	50,426,822

¹ Effective July 1, 2015 NC local governments are no longer required to collect a privilege license tax according to S.L. 2014-3/House Bill 1050.



TABLE 7

**TOWN OF MOORESVILLE, NORTH CAROLINA
GOVERNMENT-WIDE REVENUES (UNAUDITED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)**

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						Total
	Charges for Services	Operational Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Investment Earnings	Reimbursements From Joint Agency	Miscellaneous		
2010	\$ 1,872,674	\$ 2,949,940	\$ -	\$ 37,046,892	\$ 303,506	\$ 134,679	\$ 4,596,773	\$ 1,910,060	\$ 48,814,524	
2011	1,905,272	2,958,188	-	38,800,926	314,895	81,920	7,275,612	1,347,963	52,684,776	
2012	2,681,528	3,629,855	-	39,265,886	285,975	20,534	7,291,797	636,552	53,812,127	
2013	2,781,279	3,420,993	-	31,103,302	9,769,561	22,988	7,279,734	1,037,823	55,415,680	
2014	3,269,242	3,244,011	-	31,699,373	10,312,468	16,018	7,279,709	811,586	56,632,407	
2015	3,683,624	3,215,540	-	32,731,150	12,345,462	24,253	7,179,855	1,423,978	60,603,862	
2016	2,881,099	3,007,147	-	34,215,350	13,612,363	179,106	6,336,395	3,880,213	64,111,673	
2017	4,822,812	3,529,848	-	34,900,460	14,012,837	345,739	6,356,783	1,026,947	64,995,426	
2018	5,107,651	3,817,097	-	36,624,167	14,838,582	968,210	6,978,569	1,026,984	69,361,260	
2019	6,097,258	3,802,996	-	38,185,025	15,899,557	1,928,254	7,867,152	1,299,710	75,079,952	



**TOWN OF MOORESVILLE, NORTH CAROLINA
 ASSESSED VALUATIONS AND TAX LEVIES (UNAUDITED)
 LAST TEN FISCAL YEARS**

Fiscal Year	Real and Personal Property	Public Service Companies	Total Assessed Value	Rate per \$100	Levy
2010	\$ 4,985,224,762	\$ 48,984,018	\$ 5,034,208,780	0.58	\$ 29,268,735
2011	5,095,969,380	47,413,126	5,143,382,506	0.58	29,909,020
2012	4,958,004,191	49,763,305	5,007,767,496	0.58	29,086,412
2013	5,163,347,004	49,851,054	5,213,198,058	0.58	30,273,297
2014	5,067,299,669	46,135,360	5,113,435,029	0.58	29,696,473
2015	5,494,686,933	42,002,485	5,536,689,418	0.58	32,174,693
2016	5,801,308,009	55,513,175	5,856,821,184	0.58	34,060,239
2017	6,039,874,274	64,223,225	6,104,097,499	0.58	35,517,277
2018	6,201,314,136	60,036,527	6,261,350,663	0.58	36,411,961
2019	6,476,302,621	62,972,282	6,539,274,903	0.58	37,967,586

TOWN OF MOORESVILLE, NORTH CAROLINA
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS (UNAUDITED)
LAST TEN YEARS
(RATES ARE PER \$100 OF ASSESSED VALUE)

Fiscal Year	Tax Year	Town Rate	Overlapping Rates ¹			Total Town & Overlapping Rates
			Town of Mooresville Downtown District	Iredell County	Mooresville Graded School District	
2010	2009	\$ 0.58	\$ 0.16	\$ 0.445	\$ 0.135	\$ 1.32
2011	2010	0.58	0.16	0.485	0.135	1.36
2012	2011	0.58	0.16	0.485	0.185	1.41
2013	2012	0.58	0.16	0.485	0.185	1.41
2014	2013	0.58	0.16	0.485	0.185	1.41
2015	2014	0.58	0.16	0.5275	0.185	1.45
2016	2015	0.58	0.16	0.5275	0.185	1.45
2017	2016	0.58	0.16	0.5275	0.185	1.45
2018	2017	0.58	0.16	0.5275	0.185	1.45
2019	2018	0.58	0.16	0.5275	0.185	1.45

¹ Overlapping rates are those of local and county governments that levy a tax on the same property. Not all overlapping rates apply to all property owners; for example, although the county property tax rates apply to all Town of Mooresville property owners, the Downtown District and Mooresville Graded School District rates only apply to property owners whose property is located within those districts' geographic boundaries.



**TOWN OF MOORESVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
SECONDARY MARKET DISCLOSURES
FOR THE YEAR ENDED JUNE 30, 2019**

Assessed valuation:

Assessment ratio ¹	100.00%
Real property	\$ 6,476,302,621
Public service companies ²	<u>62,972,282</u>
Total assessed valuation	6,539,274,903
Tax rate per \$100	<u>0.58</u>
Levy (includes discoveries, releases, penalties and abatements)	<u><u>\$ 37,967,586</u></u>

¹ Percentage of appraised value has been established by statute.

² Valuation of railroads, telephone companies and other utilities determined by the N.C. Property Tax Commission.

**TOWN OF MOORESVILLE, NORTH CAROLINA
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND TEN YEARS AGO**

Taxpayer	Type of Enterprise	2019			2009		
		Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value	Assessed Valuation	Rank	Percentage of Total Taxable Assessed Value
Lowe's Company, Inc.	Home Improvement Retailer	\$ 342,866,130	1	5.24%	\$ 280,484,668	1	7.87%
NGK Ceramics USA, Inc.	Ceramic Automobile Parts Manufacturer	196,684,241	2	3.01%	112,217,487	2	3.15%
Niagara Bottling, LLC	Water Bottling	74,284,822	3	1.14%			
Cardinal FG	Flat Glass Manufacturer	73,193,123	4	1.12%	56,105,491	4	1.57%
Lake Norman Regional Medical Center	Hospital and Medical Offices	71,458,325	5	1.09%	66,887,957	3	1.88%
Langtree Development Company	Land Development	65,139,520	6	1.00%	33,187,636	9	0.93%
Bestco Inc.	Health Aids	57,161,009	7	0.87%			
Pactiv Corporation	Disposable Food Service Products	50,876,210	8	0.78%	29,357,102	10	0.82%
CWS Plantation SAF IX LP	Real Estate	41,141,500	9	0.63%			
Team Penske, Inc.	Motorsports Related Company	37,729,235	10	0.58%	35,826,740	8	1.00%
Buffalo-Mooresville, LLC	Land Development			0.00%	45,705,580	6	1.28%
Atlas Corporation/FNA Polymer Corporation	Fabric			0.00%	42,992,548	7	1.21%
Inland Southeast Winslow Bay	Land Development			0.00%	53,467,340	5	1.50%
Total		<u>\$1,010,534,115</u>		<u>15.46%</u>	<u>\$ 756,232,549</u>		<u>21.21%</u>

Source: Iredell County Tax Assessor





**TOWN OF MOORESVILLE, NORTH CAROLINA
PROPERTY TAX LEVIES AND COLLECTIONS (UNAUDITED)
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2010	2009	\$29,268,735	\$27,901,315	95.33%	\$ 1,258,510	\$29,159,825	99.63%
2011	2010	29,909,020	28,674,844	95.87%	1,006,176	29,681,020	99.24%
2012	2011	29,086,412	27,966,728	96.15%	851,533	28,818,261	99.08%
2013	2012	30,273,297	29,320,767	96.85%	713,810	30,034,577	99.21%
2014	2013	29,696,473	29,069,219	97.89%	542,728	29,611,947	99.72%
2015	2014	32,174,693	31,717,243	98.58%	295,778	32,013,021	99.50%
2016	2015	34,060,239	33,582,492	98.60%	286,219	33,868,711	99.44%
2017	2016	35,517,277	35,217,194	99.16%	198,490	35,415,684	99.71%
2018	2017	36,411,961	36,112,321	99.18%	159,581	36,271,902	99.62%
2019	2018	37,967,586	37,670,914	99.22%	-	37,670,914	99.22%

TABLE 13

**TOWN OF MOORESVILLE, NORTH CAROLINA
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities						Business-type Activities				Total Primary Government	Percentage of Personal Income ¹	Per Capita ²
	Direct Borrowing Installment Financing	Certificates of Participation	Bond Premium COPS	General Obligation Bonds	Bond Premium GOB	Bond Premium LOB	Direct Borrowing Installment Financing	Revenue Bonds	Bond Premium	Direct Borrowing State Revolving Loan			
	2010	\$ 25,212,813	\$ 90,750,000	\$ (22,656)	\$ 30,475,000	\$ 489,955	\$ -	\$ 1,713,605	\$ 80,215,000	\$ -			
2011	25,348,700	88,280,000	(22,309)	28,825,000	463,524	-	765,000	77,130,000	-	11,006,604	231,796,519	23.34%	7,527
2012	23,165,436	85,715,000	(21,962)	27,175,000	437,094	509,602	680,000	72,365,000	3,455,811	11,036,471	224,517,452	20.12%	6,835
2013	20,981,271	83,025,000	(21,614)	25,525,000	410,663	478,420	595,000	69,075,000	3,228,268	10,558,932	213,855,940	17.75%	6,405
2014	19,008,918	80,230,000	(21,267)	23,875,000	384,232	447,239	510,000	65,620,000	3,000,725	10,070,794	203,125,641	16.39%	5,937
2015	17,006,567	74,415,000	48,774	42,225,000	2,102,676	4,908,231	425,000	62,070,000	2,773,182	9,571,818	215,546,248	15.05%	6,131
2016	18,964,216	70,950,000	45,139	38,200,000	4,488,100	4,627,484	340,000	58,520,000	2,545,639	9,061,765	207,742,343	12.84%	5,704
2017	16,681,931	67,845,000	41,503	35,550,000	4,197,229	4,346,738	255,000	55,125,000	2,318,096	8,540,389	194,900,886	11.27%	5,162
2018	14,354,646	64,640,000	37,868	32,980,000	3,906,358	4,065,991	170,000	51,845,000	2,090,553	8,007,438	182,097,855	9.59%	4,661
2019	11,982,361	61,295,000	34,232	40,420,000	4,270,717	3,785,245	85,000	48,470,000	1,869,908	7,462,655	179,675,118	-	4,491

Notes: Details regarding the Town's outstanding debt can be found in the notes to the financial statements.

¹ Fiscal year 2019 data is not available at June 30, 2019.

² See Table 18 for personal income and population data. These ratios are calculated using personal income and population for the calendar year.



**TOWN OF MOORESVILLE, NORTH CAROLINA
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS**

Fiscal Year	Governmental Activities		Percentage Of Assessed Value	Per Capita
	General Obligation Bonds	Bond Premium GOB		
2010	\$ 30,475,000	\$ 489,955	0.61%	\$ 1,004
2011	28,825,000	463,524	0.56%	936
2012	27,175,000	437,094	0.54%	827
2013	25,525,000	410,663	0.49%	765
2014	23,875,000	384,232	0.47%	698
2015	42,225,000	2,102,676	0.76%	1,201
2016	38,200,000	4,488,100	0.65%	1,049
2017	35,550,000	4,197,229	0.58%	941
2018	32,980,000	3,906,358	0.53%	844
2019	40,420,000	4,270,717	0.62%	1,010

**TOWN OF MOORESVILLE, NORTH CAROLINA
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS**

Fiscal Year	Debt Limit	Total Net Debt Service Applicable to Limit	Legal Debt Margin	Legal Debt Margin as a Percent of Debt Limit
2010	\$ 389,553,139	\$ 147,312,813	\$ 242,240,326	62.18%
2011	399,425,205	142,453,700	256,971,505	64.34%
2012	394,406,818	136,055,436	258,351,382	65.50%
2013	409,629,819	129,531,271	280,098,548	68.38%
2014	398,619,251	123,113,918	275,505,333	69.11%
2015	442,056,670	133,646,567	308,410,103	69.77%
2016	468,759,426	128,114,216	340,645,210	72.67%
2017	485,862,311	120,076,931	365,785,380	75.29%
2018	501,178,774	111,974,646	389,204,128	77.66%
2019	521,239,440	113,697,361	407,542,079	78.19%

Legal debt margin calculation for fiscal year 2019:

Assessed valuation	\$ 6,515,492,996	
	<u>8.00%</u>	
Debt limit - 8.0% of assessed value		\$ 521,239,440
Total amount of debt applicable to debt limit (net debt)		<u>113,697,361</u>
Legal debt margin		<u>\$ 407,542,079</u>



**TOWN OF MOORESVILLE, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR THE YEAR ENDED JUNE 30, 2019**

<u>Government Unit:</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Amount Applicable to Primary Government</u>
MI - Connection Communications System d/b/a Continuum ¹	\$ 60,390,000	100%	\$ 60,390,000
Town of Mooresville direct debt	61,397,555	100%	<u>61,397,555</u>
Total direct and overlapping debt			<u>\$ 121,787,555</u>

Sources: Outstanding debt and applicable percentages provided by each governmental unit.

¹ See note 7 of the financial statements.

**TOWN OF MOORESVILLE, NORTH CAROLINA
REVENUE BOND COVERAGE
LAST TEN FISCAL YEARS**

Fiscal Year	Operating Revenues	Operating Expenses ¹	Nonoperating Rev/(Exp) ²	Net Revenue Available for Debt Service	Debt Service Requirements ³			Coverage
					Principal	Interest	Total	
2010	\$ 17,146,607	\$ 7,642,027	\$ 1,305,936	\$ 10,810,516	\$ 2,315,000	\$ 2,577,211	\$ 4,892,211	2.21
2011	19,277,928	8,142,366	1,117,866	12,253,428	3,085,000	3,868,344	6,953,344	1.76
2012	19,466,131	8,045,971	1,569,048	12,989,208	3,175,000	3,709,867	6,884,867	1.89
2013	19,806,300	9,936,910	1,756,118	11,625,508	3,290,000	3,246,918	6,536,918	1.78
2014	19,635,753	10,290,693	1,467,682	10,812,742	3,455,000	3,133,768	6,588,768	1.64
2015	21,535,846	11,949,136	2,188,704	11,775,414	3,550,000	3,027,168	6,577,168	1.79
2016	24,222,073	12,136,734	2,991,424	15,076,763	3,550,000	2,885,168	6,435,168	2.34
2017	23,360,310	12,050,441	4,238,124	15,547,993	3,395,000	2,743,168	6,138,168	2.53
2018	23,326,863	11,932,680	4,749,104	16,143,287	3,280,000	2,605,769	5,885,769	2.74
2019	24,279,085	13,474,270	6,174,641	16,979,456	3,375,000	2,493,450	5,868,450	2.89

¹ Operating expenses exclusive of depreciation.

² Does not include revenue bond interest expense.

³ Includes principal and interest of water/sewer revenue bonds only.

This does not include installment financing.



**TOWN OF MOORESVILLE, NORTH CAROLINA
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN YEARS**

Fiscal Year	Calendar Year	Population ¹	Personal Income	Per Capita Income ²	Unemployment Rate ³	Building Permits Issued ⁴	New Industry Investment (thousands) ⁵
2010	2009	30,339	\$ 969,846,813	\$ 31,967	13.2%	2,251	\$ 112,200
2011	2010	30,797	993,110,859	32,247	9.8%	1,792	187,200
2012	2011	32,850	1,116,013,050	33,973	8.5%	1,557	166,703
2013	2012	33,387	1,204,836,669	36,087	7.6%	1,840	624,250
2014	2013	34,211	1,239,156,631	36,221	6.5%	2,070	16,950
2015	2014	35,159	1,432,623,773	40,747	5.2%	2,313	45,274
2016	2015	36,419	1,618,533,198	44,442	5.2%	2,919	61,500
2017	2016	37,759	1,730,004,103	45,817	4.9%	3,047	10,000
2018	2017	39,068	1,898,939,208	48,606	4.3%	3,501	24,049
2019	2018	40,009	-	-	3.8%	3,244	82,200

¹ Source: North Carolina Department of Revenue as an estimate from the Office of State Budget and Management.

² Information on the Town of Mooresville alone is not available. The data presented is for Iredell County and was obtained from the Bureau of Economic Analysis. Data not available for 2018/2019 as of June 30, 2019.

³ Information on the Town of Mooresville alone was not available for the fiscal years 2009 - 2010. The data presented during this time is for Iredell County. Town of Mooresville information began in fiscal year 2011. All information collected is from the North Carolina Employment Security Commission.

⁴ Information on the Town of Mooresville alone is not available. The data presented is for Iredell County and was obtained from the Iredell County Inspections Office.

⁵ Information on the Town of Mooresville alone is not available. The data presented is for Iredell County and was obtained from the North Carolina Office of State Budget and Management.



**TOWN OF MOORESVILLE, NORTH CAROLINA
PRINCIPAL EMPLOYERS
CURRENT YEAR AND TEN YEARS AGO**

Company or Institution	Service or Product	2019			2009		
		Approximate Number of Employees ¹	Rank	Percentage of Total Employment ²	Approximate Number of Employees ¹	Rank	Percentage of Total Employment ²
Manufacturing:							
NGK Ceramics USA, Inc.	Ceramic Automobile Parts	850	1	1.00%	450	1	0.61%
Team Penske, Inc.	Motorsports Related Company	400	2	0.47%			
Pactiv Corporation	Disposable Food Service Products	360	3	0.42%	257	3	0.35%
Carolina Beverage Group	Beverage Manufacture	262	4	0.31%			
BestCo Inc.	Health Aids	250	5	0.29%	300	2	0.41%
Cardinal FG	Flat Glass	250	5	0.29%	242	4	0.33%
Roush Yates Performance Racing	Race Engines	180	6	0.21%			
Niagara Bottling	Bottled Water	165	7	0.19%			
L.B. Plastics, Inc.	PVC Profile Extrusions	125	8	0.15%	145	8	0.20%
WestRock, Inc.	Corrugated Boxes	115	9	0.14%	150	6	0.20%
Berry Global, Inc.	Polypropylene Non-Wovens			0.00%	170	5	0.23%
Michael Weinig, Inc.	Wood Processing Products			0.00%	130	10	0.18%
Service Partners, Inc.	Gas Logs, Ceiling Tiles, Insulation				150	6	0.20%
Custom Products, Inc.	Airline Seats & Cushions				143	9	0.19%
		2,957		3.47%	2,137		2.90%
Non-Manufacturing:							
Lowe's Companies, Inc.	Home Improvement - Corporate	4,000	1	4.71%	1,950	1	2.64%
Lake Norman Regional Medical Center	Hospital and Medical Offices	775	2	0.91%	930	2	1.26%
Mooreville Graded School District	Local School System	765	3	0.90%	465	4	0.63%
Wal-Mart Supercenter	Retail Store	500	4	0.59%	500	3	0.68%
Town of Mooreville	Local Government	489	5	0.58%	350	6	0.47%
Super Target	Retail Store	230	6	0.27%	350	5	0.47%
Corvid	Technology Solutions	210	7	0.25%			
Randy Marion	Car Dealership	150	8	0.18%			
Greenworks	Wholesale Distributor	105	9	0.12%			
NASCAR Technical Institute	Automotive Repair Technical School	88	10	0.10%	150	8	0.20%
Overcash Electric, Inc.	Electrical Contracting			0.00%	175	7	0.24%
Lowe's Company, Inc.	Retail Store				175	7	0.24%
Kohl's Department Store	Retail Store				150	8	0.20%
		7,312		8.61%	5,195		7.03%

¹ Source: Mooreville-South Iredell Economic Development Corporation.

² Total employment is not available for the Town of Mooreville. Therefore, percentage of total employment is based on Iredell County total employment.



**TOWN OF MOORESVILLE, NORTH CAROLINA
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General government ³	72	73	68	70	74	78	80	70	70	66
Public safety	162	162	169	173	182	187	191	200	206	207
Transportation	26	26	27	29	29	29	29	29	29	31
Environmental protection	20	20	22	22	22	22	22	24	24	24
Cultural ¹	50	52	46	52	50	46	52	59	59	70
Water/sewer administration	29	29	29	29	29	29	31	32	32	34
Water treatment	12	12	12	12	12	13	13	13	13	13
Wastewater treatment	18	18	18	18	18	19	19	19	19	19
Stormwater ²	-	-	-	-	-	-	1	4	4	5
Total	389	392	391	405	416	423	438	450	456	469

Source: Fiscal Year 2019 Town of Mooresville Approved Budget Report.

¹ Effective July 1, 2016 the Buildings and Maintenance department has been divided into Buildings and Grounds Maintenance and Buildings and Grounds Golf. The Golf portion is included under cultural.

² Stormwater division was created in 2016.

³ The Buildings and Grounds department has been divided into two division. The majority of the department has been renamed Park Services and has been moved from General Government to Cultural. The new division, Facility Maintenance is still reported under General Government.



TABLE 21

**TOWN OF MOORESVILLE, NORTH CAROLINA
OPERATING INDICATORS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Physical arrests	2,111	1,882	1,907	1,867	1,785	1,733	1,659	1,540	1,703	1,522
Parking violations	65	107	181	93	102	112	43	113	110	25
Citations written	8,804	7,300	8,539	7,748	8,847	7,119	5,512	4,961	5,654	5,557
Fire										
Number of calls answered	2,712	3,397	3,004	3,203	3,745	4,459	5,626	5,476	6,219	7,497
Inspections	1,994	2,186	4,063	4,063	4,137	3,477	1,225	1,121	1,474	1,104
Streets										
Street resurfacing (miles)	2	2	2	2	2	3	4	6	7	6
Sanitation										
Refuse collected (tons/day)	58	54	51	49	50	52	56	48	58	62
Yard debris collected (tons/day)	21	23	31	35	37	24	10	6	21	25
Recyclables collected (tons/day) ¹	-	-	9	9	9	10	11	9	11	12
Recreation										
Winnie L. Hooper facility rentals	35	53	68	41	61	83	91	120	202	28
Charles Mack Citizen Center facility rentals	1,037	1,153	1,186	1,782	1,541	1,515	1,066	1,277	1,018	867
Golf Course rounds of golf ²	36,554	36,042	34,197	32,571	31,244	14,684	-	29,661	34,058	33,546
Water										
Water main breaks ³	143	121	76	110	80	35	47	51	55	34
Average daily production (thousands of gallons)	4,065	4,255	4,466	4,703	5,232	5,482	5,931	6,221	6,153	6,629
Wastewater										
Average daily sewage treatment (thousands of gallons)	3,174	3,285	3,394	3,500	3,838	3,907	4,237	4,125	4,290	4,674

Source: Various town departments.

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

¹ The Town's recycling program began during November 2011.

² Golf Course closed for renovations November 2014 to October 2016

³ Old 2" galvanized water lines are being replaced beginning 2015.



TABLE 22

**TOWN OF MOORESVILLE, NORTH CAROLINA
CAPITAL ASSET STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	57	56	67	61	71	76	82	88	88	90
Fire										
Stations	4	4	4	5	5	5	5	5	5	5
Fire trucks	8	8	8	10	9	9	9	10	10	10
Highways and streets										
Streets (miles)	122	122	122	132	132	134	135	141	146	152
Traffic signals	13	13	13	13	12	12	12	12	12	12
Cultural and recreation										
Parks and golf courses acreage	287.52	287.52	549.00	549.00	549.00	549.00	549.00	549.00	549.00	549.00
Parks	14	14	14	14	14	14	14	14	14	14
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	9	9	15	15	15	15	15	18	18	18
Recreation centers	2	2	4	4	4	4	4	4	4	4
Citizen's centers	1	1	1	1	1	1	1	1	1	1
Libraries	1	1	1	1	1	1	1	1	1	1
Golf courses	1	1	1	1	1	1	1	1	1	1
Water										
Water mains (miles)	246	270	272	278	279	280	297	302	305	313
Fire hydrants	1,639	1,739	1,808	1,885	1,900	1,837	1,999	2,057	2,080	2,376
Maximum daily usage (thousands of gallons)	4,080	6,133	6,306	6,887	7,201	8,905	8,852	9,364	9,011	9,557
Maximum daily capacity (thousands of gallons)	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Sewer										
Sanitary sewers (miles)	245	247	248	266	268	292	305	310	312	325
Maximum daily treatment capacity (thousands of gallons)	5,200	5,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500	7,500

Source: Various town departments.

Note: No capital asset indicators are available for the general government function.







COMPLIANCE SECTION





**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Independent Auditor's Report

To the Honorable Mayor and Town Council
Mooresville, North Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregated remaining fund information of the Town of Mooresville, North Carolina, as of and for the year ended June 30, 2019, which collectively comprises the Town of Mooresville's basic financial statements, and have issued our report thereon dated October 18, 2019. Our report includes a reference to other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Other auditors audited the financial statements of the Town of Mooresville ABC Board and the Mooresville Travel and Tourism Authority. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported separately by those auditors. The financial statements of the Mooresville ABC Board and the Mooresville Travel and Tourism Authority were not audited in accordance with *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Town of Mooresville's internal control over financial reporting as a basis for designing our auditing procedures 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 Mooresville's internal control over financial reporting. 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 function to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

**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***

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result 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.

Potter & Company, P.A.

October 18, 2019
Mooresville, North Carolina



**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; WITH OMB UNIFORM
GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Independent Auditor's Report

To the Honorable Mayor and Members of the Town Council
Town of Mooresville, North Carolina

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor Responsibility

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

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

Opinion on Each Major Federal Program

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

**REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE; WITH OMB UNIFORM
GUIDANCE AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Internal Control Over Compliance

Management of Town of Mooresville is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit of compliance, we considered Town of Mooresville's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A deficiency in internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency or combination of deficiencies, in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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

Potter & Company, P.A.

October 18, 2019
Mooresville, North Carolina



**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
IN ACCORDANCE WITH OMB UNIFORM GUIDANCE;
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Independent Auditor's Report

To the Honorable Mayor and Town Council
Town of Mooresville, North Carolina

Report on Compliance for Each Major State Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major State Program

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

**REPORT ON COMPLIANCE FOR EACH MAJOR STATE PROGRAM;
REPORT ON INTERNAL CONTROL OVER COMPLIANCE;
IN ACCORDANCE WITH OMB UNIFORM GUIDANCE;
AND THE STATE SINGLE AUDIT IMPLEMENTATION ACT**

Report on Internal Control Over Compliance

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

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

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

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

Potter & Company, P.A.

October 18, 2019
Mooresville, North Carolina

**TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2019**

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued on whether the financial statements Audited were prepared in accordance to GAAP:

Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses. _____ yes X none reported

Noncompliance material to financial statements noted. _____ yes X no

Federal Awards

Internal control over major federal programs:

- Material weakness(es) identified? _____ yes X no
- Significant Deficiency(ies) identified that are not considered to be material weaknesses. _____ yes X none reported

Noncompliance material to federal awards. _____ yes X no

Type of auditors' report issued on compliance for major federal programs: Unmodified, for all federal programs.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? _____ yes X no

Identification of major federal programs:

CFDA Numbers
20.205

Names of Federal Programs or Cluster
Highway Planning, Research and
Construction

Dollar threshold used to distinguish between Type A and Type B Programs. \$ 187,500

Auditee qualified as low-risk auditee? _____ yes X no

**TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2019**

State Awards

Internal control over major State Programs:

- Material weakness(es) identified? _____ yes X no
- Significant deficiency(ies) identified that are not considered to be material weaknesses. _____ yes X no

Noncompliance material to State awards. _____ yes X no

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

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

Identification of major State programs:

Program Name

Powell Bill

**TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2019**

Section II. Financial Statement Findings

None Reported

Section III. Federal Award Findings and Questioned Costs

None reported.

Section IV. State Award Findings and Questioned Costs

None reported.

**TOWN OF MOORESVILLE, NORTH CAROLINA
CORRECTIVE ACTION PLAN
For The Fiscal Year Ended June 30, 2019**

II. Financial Statement Findings

None reported

III. Federal Award Findings and Questioned Costs

None reported.

IV. State Award Findings and Questioned Costs

None reported.

**TOWN OF MOORESVILLE, NORTH CAROLINA
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS
For The Fiscal Year Ended June 30, 2019**

None

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2019

Grantor / Pass Through Grantor / Program Title	Federal CFDA Number	State/ Pass Through Grantor's Number	Federal (Direct and Pass Through) Expenditures	State Expenditures
Federal Grants:				
Cash Programs:				
US Department of Housing and Urban Development				
Passed-through City of Concord (Cabarrus/Iredell/Rowan Home Consortium)				
Home Program	14.239	N/A	\$ 84,900	\$ -
US Department of Justice				
Improving Criminal Justice Responses Grant	16.590	2016-WE-AX-0025	161,692	-
Public Safety Partnership and Community Policing Grant	16.710	2016-UM-WX-0156	177,496	-
Passed-through NC Department of Public Safety				
Violence Against Women	16.588	2015-WF-AX-0025	11,937	-
Violence Against Women	16.588	2018-WF-AX-0026	45,707	-
Byrne Justice Assistance Grant	16.738	2017-DJ-BX-0129	19,672	-
US Department of Homeland Security				
Bullet-Proof Vest	16.607	2017	634	-
Bullet-Proof Vest	16.607	2018	2,177	-
US Department of Transportation				
Passed-through NC Department of Transportation				
Highway Planning Research and Construction	20.205	51043.3. F1	199,108	-
Highway Planning Research and Construction	20.205	46251.3.1	310,370	-
Highway Planning Research and Construction	20.205	46446.3.1	289,843	-
GHSP Traffic Safety Project	20.600	22019.6.27	12,034	-
Passed-through City of Charlotte				
Highway Planning Research and Construction	20.205	UPWP Section 104fPL	79,991	-
Passed-through NC Department of Natural and Cultural Resources Recreational Trails Programs				
	20.219	RTP2016-10P001	64,771	-
US Department of Treasury				
Public Safety Partnership and Community Policing Grant	21.016	N/A	5,346	-
Institute of Museum and Library Services				
Library Services and Technology Act	45.310	LS-00-18-0034-18	25,721	-
Total Assistance - Federal Programs			<u>1,491,399</u>	<u>-</u>
State Grants:				
Cash Assistance:				
NC Department of Transportation				
Powell Bill	N/A	DOT -4 32570	-	1,098,955
NC Department of Natural and Cultural Resources				
State Aid to Libraries	N/A	N/A	<u>-</u>	<u>25,376</u>
Total Assistance - State Programs			<u>-</u>	<u>1,124,331</u>
Total Assistance			<u>\$ 1,491,399</u>	<u>\$ 1,124,331</u>

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Fiscal Year Ended June 30, 2019

Page 2 of 2

Notes to the Schedule of Expenditures of Federal and State Financial Awards:

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 Mooresville under the programs of the federal government and the State of North Carolina for the year ended June 30, 2019. The information in this SEFSA is presented in accordance with the requirements of Title 2 US 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 Mooresville, it is not intended to and does not present the financial position, changes in net position of cash flows of The Town of Mooresville.

2. Summary of Significant Accounting Policies

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

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