



Town of Mooresville, North Carolina

**Comprehensive Annual Financial Report
For the Fiscal Year Ended June 30, 2020**

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 16, 2020

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

It is our pleasure to submit the Comprehensive Annual Financial Report of the Town of Mooresville, North Carolina, for the fiscal year ending June 30, 2020. State law requires that all general-purpose local governments annually publish a complete set of financial statements. The financial statements must be presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. This report complies with these requirements.

The Comprehensive Annual Financial Report consists of management's representations concerning the finances of the Town. Management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the Town has established a comprehensive internal control framework that is designed, both to protect Town assets from loss, theft, or misuse and to compile sufficiently reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed the anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements. As management, we assert that to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The Town's financial statements have been audited by Potter & Company, PA, a firm of licensed certified public accountants. The goal of the independent audit is to provide a reasonable assurance that the financial statements of the Town for the fiscal year ending June 30, 2020, are free of material misstatement. The independent auditor concluded, based upon their audit, that the Town's financial statements for the fiscal year ending June 30, 2020 are presented 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 of transmittal is designed to complement the MD&A and should be read in conjunction with it. The Town's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The Town is located in Iredell County in the Piedmont region of North Carolina. The Town was established in 1873, after John Franklin Moore donated land for a depot and cotton-weighting platform, so the Town could become a stop on the railroad's route from the City of Statesville to the City of Charlotte. The Town's location between the Charlotte metropolitan area and the City of Statesville, the County seat, has created diversified employment opportunities ranging from financial, educational, medical, and governmental to industrial and research enterprises. The Town is the municipal center of the Mooresville-South Iredell Region. The Mooresville-South Iredell Region also contains Lake Norman, the largest man-made lake in the State by surface area, with approximately 520 miles of shoreline and is within a 30-minute drive to uptown Charlotte. It has experienced significant residential and commercial growth over the last decade.

The Town has a council-manager form of government. The Board of Commissioners and Mayor formulate policy for the administration of the Town and act as the governing body. The Mayor presides at all meetings serving as Chief Executive Officer and the official head of the Town government. He may cast a vote only in the case of a tie. The Mayor is elected in a non-partisan election and serves two-year terms. 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 but serves in such capacity at the discretion of the remaining members of the Board. Lisa Qualls currently serves as the Mayor Pro Tempore. The six members of the Board of Commissioners are elected in non-partisan elections to serve four-year terms. The Board appoints the Town Manager to serve as the Chief Administrative Officer of the Town. The current Town Manager, Randy Hemann, 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, traffic control, 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 and a wastewater treatment facility.

The annual budget serves as the foundation for the Town of Mooresville's financial planning and control. North Carolina General Statutes require all governmental units to 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 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.

Commerce and Industry

The Town is located 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.

Economic growth in the region has come from several factors, including the importance of industry clustering, the availability of a skilled workforce, and the expanding of the Charlotte Metropolitan Statistical Area. Families and individuals are attracted to the region because of the high quality of life.

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. We have the infrastructure in place to support future growth and development. 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, featuring water-related activities such as skiing, sailing, wake boarding, charter cruises and fishing. People move to Mooresville for the quietness of the community, the proximity to a large metropolitan area, the quality of the schools and the lakefront community.

Like the national and state economy, the local economy continued to grow in fiscal year 2020 with the number of new construction permits and the value of the estimated construction costs both increasing from fiscal year 2019. Retail sales increased and resulted in a 7.92 percent increase in sales tax revenues over fiscal year 2020.

Also known as “Race City, USA,” the Town is home to numerous NASCAR teams and more than 120 racing-related industries. Companies that support the local racing industry range from engine manufacturers to 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.

The Town of Mooresville, Iredell County, and the Iredell County 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 Community Development Corporation, purchased a 476-acre tract of land, for a project named Mooresville Business Park, East.

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.

Mooresville Accolades

Distinguished Budget Presentation and Excellence in Financial Reporting Awards – 10 Years

Popular Annual Financial Reporting Award – 1 Year

Mooresville Fire-Rescue – ISO Class 1 (First Department in North Carolina under 100,000 population)

Mooresville Police Department – CALEA Certified



The Mooresville Public Services Division received full accreditation by the American Public Works Association (APWA). This accreditation formally verifies and recognizes that Mooresville is in full compliance with the recommended management practices set forth in APWA’s Public Works Management Practices Manual. The Mooresville Public Services Department is the third agency to achieve the Accreditation designation in the State of North Carolina.

The Town of Mooresville was awarded two separate federal grants, representing approximately \$20 million. The BUILD Grant will fund a new 1.7 mile roadway from I-77 to NC-115/Mecklenburg Highway. The second grant, the U.S. DOT Consolidated Rail Infrastructure and Safety Improvements Grant, will be used for the replacement of an at-grade crossing and intersection at Mazeppa Road/Connector Road and State Highway N.C. 115, with a bridge over the Norfolk Southern rail tracks and N.C. 115.

The Town’s community has a pro-business atmosphere, award-winning schools, and a strategic plan focused on well-planned growth. From the beauty of Lake Norman to the quaintness of Downtown, it is the people of this community that make Mooresville a great place to live, work and play.

For the Future

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

The operating budget, consisting of segments for salaries and benefits, operating costs, transfers, and support to outside agencies is sent to department managers in January. Each department submits recommended goals with funding requests to the budget team (which consists of the 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. The proposed budget is reviewed and updated throughout the budget process. The Town Manager is the Budget Officer and 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 the Town Manager and Finance Director to approve transfers among line items within a department. The Town Manager and Finance Director 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, and the Board receives quarterly updates of all budget to actual comparison for all funds.

Specific to the fiscal year 2021 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 implemented specific tactical actions to carry out the strategic goals. Several tactical actions are classified as a high priority, including the review and update of the Town Charter and Code of Ordinances, implementing the Diversity, Inclusion and Belonging Initiative, updating and consolidating the Town's Comprehensive Land Use Plan, the design and construction of Liberty Park, and its adjacent property, as well as the design and construction of the Wiggins Road Pump Station and Pipelines.

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.

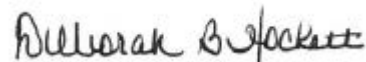
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate. The preparation of this report has been 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,



Randall W. Hemann
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



Lisa Qualls
Mayor Pro Tempore
Commissioner Ward 4



Gary West
Commissioner at Large



Bobby Compton
Commissioner at Large



Eddie Dingler
Commissioner Ward 1



Barbara Whittington
Commissioner Ward 3



Thurman Houston
Commissioner Ward 2

APPOINTED OFFICIALS

Randall Hemann
Town Manager

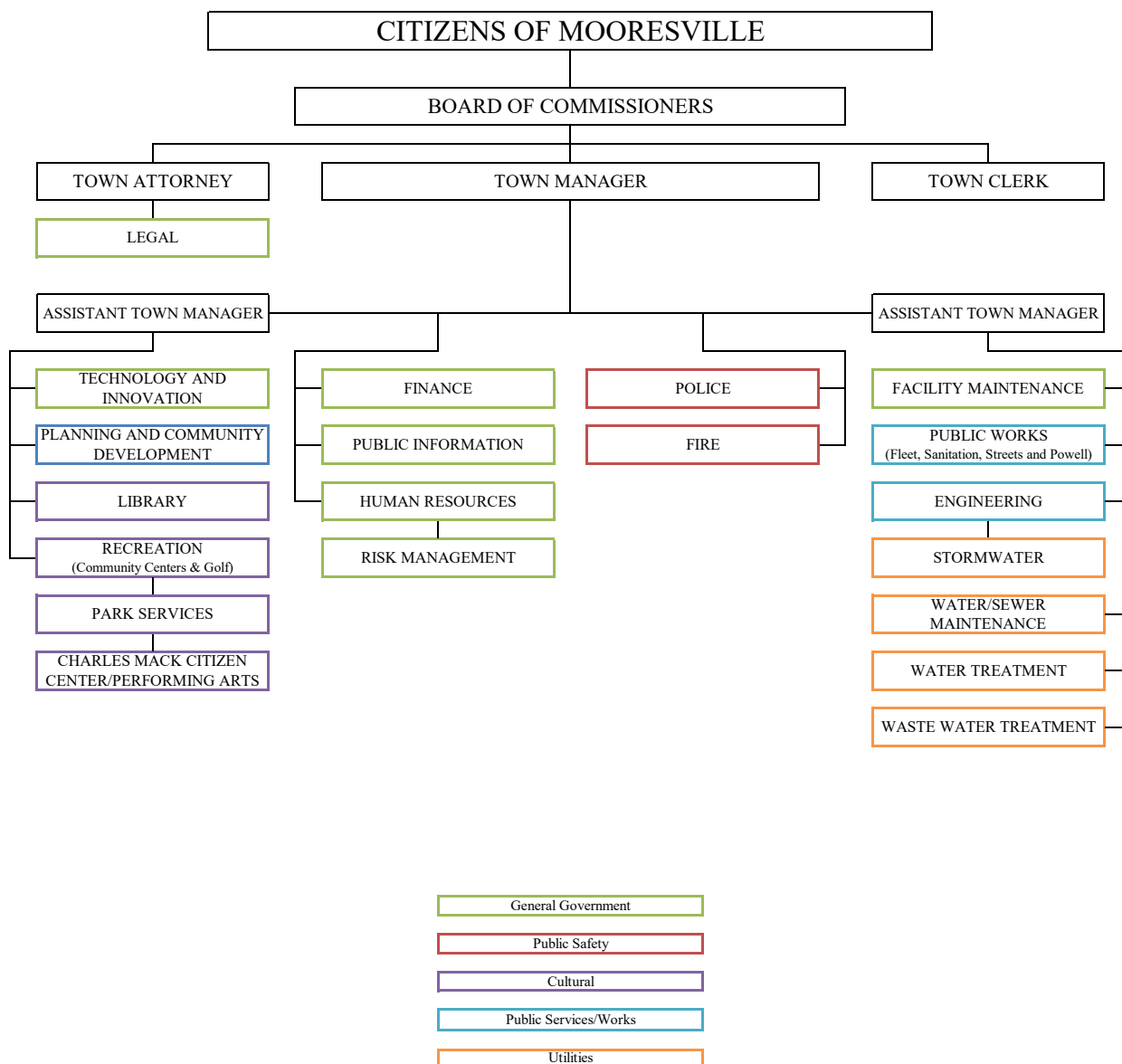
Sharon Crawford
Town Attorney

Genevieve Glaser
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, 2019

Christopher P. Morrell

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, 2020, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We 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, 2020, 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 5-15, the Local Government Employees' Retirement System Schedules of the Proportionate Share of the Net Pension Liability (Asset) and Contributions, on pages 96 and 98, 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 101 and 102, the Post Employment Benefits Schedule of Changes in the Total OPEB Liability and related Ratios on page 103, 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 104-109 and the Firefighters' and Rescue Squad Workers' Pension Proportionate Share of Net Pension Liability and Contributions on pages 110 and 112 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 16, 2020 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 16, 2020



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, 2020. We encourage readers to read the information presented here in conjunction with additional information that we have furnished in the Town's financial statements, which follow this narrative.

Financial Highlights

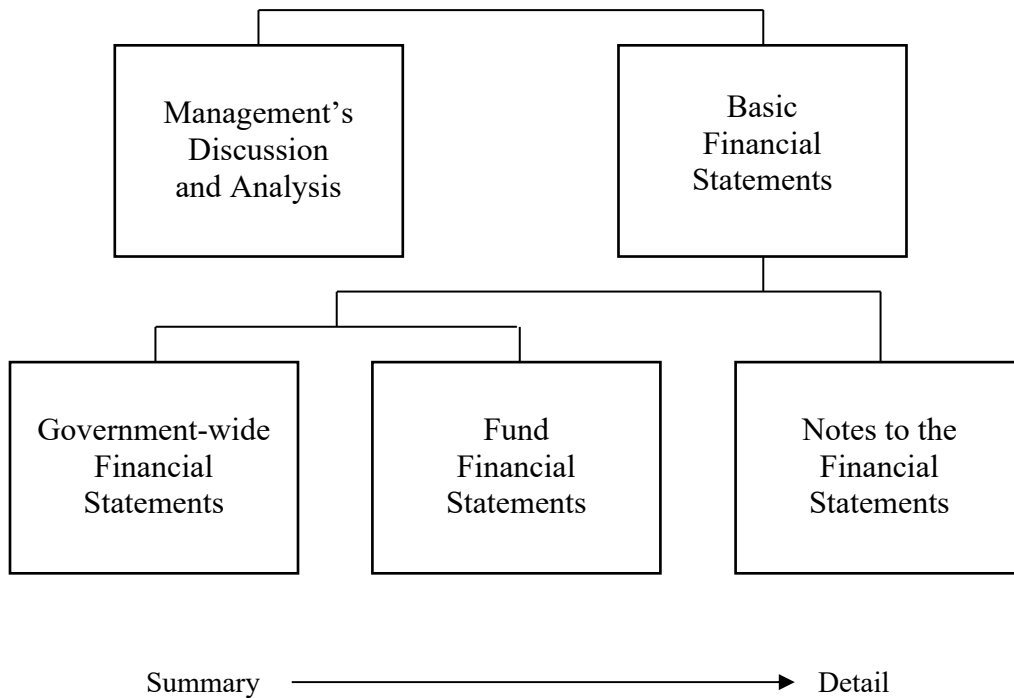
- The assets and deferred outflows of resources of the Town of Mooresville exceeded its liabilities and deferred inflows of resources at the close of the fiscal year by \$225,366,289 (*net position*).
- The government's total net position increased by \$53,183,060 during the year. The net position of the governmental activities increased by \$38,702,585 and the business-type activities increased by \$14,480,475.
- As of the close of the current fiscal year, the Town of Mooresville's governmental funds reported combined ending fund balances of \$72,229,092, an increase of \$16,647,054 in comparison with the prior year. Approximately 43 percent of this total amount or \$31,029,155 is non-spendable, restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$41,199,937 or approximately 31 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 streets and sidewalk improvements, 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. Under GASB 54 guidance the Capital Reserve Fund is consolidated into the Utility Fund.

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.

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 33 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 96 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	
	2020	2019	2020	2019	2020	2019
Assets:						
Current and other assets	\$ 81,065,536	\$ 63,313,502	\$ 66,840,122	\$ 59,363,451	\$ 147,905,658	\$ 122,676,953
Capital assets	122,489,250	163,993,803	141,189,810	141,363,873	263,679,060	305,357,676
Total assets	203,554,786	227,307,305	208,029,932	200,727,324	411,584,718	428,034,629
Deferred outflows of resources	9,133,531	6,959,770	1,561,369	1,113,418	10,694,900	8,073,188
Total assets and deferred outflows of resources	212,688,317	234,267,075	209,591,301	201,840,742	422,279,618	436,107,817
Liabilities:						
Long-term liabilities outstanding	104,714,850	161,598,203	57,541,087	62,087,152	162,255,937	223,685,355
Other liabilities	15,333,123	16,937,815	6,613,443	8,447,600	21,946,566	25,385,415
Total liabilities	120,047,973	178,536,018	64,154,530	70,534,752	184,202,503	249,070,770
Deferred inflows of resources	10,629,671	12,422,969	2,081,155	2,430,849	12,710,826	14,853,818
Total liabilities and deferred inflows of resources	130,677,644	190,958,987	66,235,685	72,965,601	196,913,329	263,924,588
Net position:						
Net investment in capital assets	79,407,579	40,957,113	89,417,889	82,544,751	168,825,468	123,501,864
Restricted	22,637,755	11,851,451	-	-	22,637,755	11,851,451
Unrestricted	(20,034,661)	(9,500,476)	53,937,727	46,330,390	33,903,066	36,829,914
Total net position	\$ 82,010,673	\$ 43,308,088	\$ 143,355,616	\$ 128,875,141	\$ 225,366,289	\$ 172,183,229

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 \$225,366,289 as of June 30, 2020. The Town's net position increased by \$53,183,060 for the fiscal year ended June 30, 2020. However, a large portion (75 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, \$22,637,755 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$33,903,066 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 99.32 percent. The statewide average in fiscal year 2019 was 99.16%.
- Gain on sale of MI Connection communications system.
- Increased sales tax revenue of \$889,733 due to economic growth.

Town of Mooresville's Changes in Net Position

Figure 3

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 5,625,709	\$ 6,097,258	\$ 36,608,583	\$ 32,037,783	\$ 42,234,292	\$ 38,135,041
Operating grants and contributions	3,682,166	3,802,996	-	-	3,682,166	3,802,996
Total program revenues	9,307,875	9,900,254	36,608,583	32,037,783	45,916,458	41,938,037
General revenues:						
Property taxes, levied for general purpose	44,184,596	38,017,995	-	-	44,184,596	38,017,995
Other taxes	167,096	167,030	-	-	167,096	167,030
Grants and contributions not restricted to specific programs	17,014,707	15,899,557	-	-	17,014,707	15,899,557
Unrestricted investment earnings	1,392,576	1,928,251	72,979	119,998	1,465,555	2,048,249
Reimbursement from joint agency	5,088,766	7,867,152	-	-	5,088,766	7,867,152
Gain on sale of MI Connection communications system	25,049,352	-	-	-	25,049,352	-
Miscellaneous	5,633,285	1,299,710	-	-	5,633,285	1,299,710
Total general revenues	98,530,378	65,179,695	72,979	119,998	98,603,357	65,299,693
Total revenues	107,838,253	75,079,949	36,681,562	32,157,781	144,519,815	107,237,730
Expenses:						
Primary government:						
General government	16,429,959	11,991,919	-	-	16,429,959	11,991,919
Transportation	4,621,428	4,640,959	-	-	4,621,428	4,640,959
Public safety	23,084,371	21,956,310	-	-	23,084,371	21,956,310
Economic and physical development	8,375,364	7,598,228	-	-	8,375,364	7,598,228
Environmental protection	2,267,858	2,089,294	-	-	2,267,858	2,089,294
Cultural and recreation	12,289,209	11,871,663	-	-	12,289,209	11,871,663
Interest on long-term debt	2,067,479	3,967,464	-	-	2,067,479	3,967,464
Utility	-	-	22,201,087	21,263,224	22,201,087	21,263,224
Total expenses	69,135,668	64,115,837	22,201,087	21,263,224	91,336,755	85,379,061
Change in net position	38,702,585	10,964,112	14,480,475	10,894,557	53,183,060	21,858,669
Net position - beginning	43,308,088	32,343,976	128,875,141	117,980,584	172,183,229	150,324,560
Net position - ending	\$ 82,010,673	\$ 43,308,088	\$ 143,355,616	\$ 128,875,141	\$ 225,366,289	\$ 172,183,229

Governmental Activities. Governmental activities increased the Town's net position by \$38,702,585. Key elements of this increase are as follows:

- Gain on sale of MI Connection communications system.
- The Town recognized an increase in property taxes and sales tax.
- The increase in property taxes was due to the 2019 reappraisal of all real property accompanied by growth and development.

Business-type Activities. Business-type activities increased the Town's net position by \$14,480,475. Key elements of this increase are as follows:

- Water and Sewer operating revenues exceeded operating expenses by \$8,327,622 and interest income and availability/system development fees exceeded non-operating expenses by \$5,106,754. Customer water and sewer rates did not change from fiscal year 2019. 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 \$1,046,099.

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 \$72,229,092, an increase of \$16,647,054 in comparison with the prior year. Approximately 57 percent of this amount, \$41,199,937, 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 \$64,123,506. 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 31 percent of total General Fund expenditures, and total fund balance represents 48 percent of that same amount.

At June 30, 2020, the governmental funds of Town of Mooresville reported a combined fund balance of \$72,229,092, a 30 percent increase over the prior fiscal year. The General Fund experienced a 15.8 percent growth in Ad Valorem tax revenue, and a 7.9 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 \$53,937,727. The total change in net position for the Utility Fund was \$14,480,475. 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, 2020, totals \$263,679,060 (net of accumulated depreciation). These assets include buildings, land and improvements, water and sewer lines, machinery and equipment, park facilities, and vehicles. 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	
	2020	2019	2020	2019	2020	2019
Land	\$ 16,729,144	\$ 16,729,144	\$ 3,906,453	\$ 3,906,453	\$ 20,635,597	\$ 20,635,597
Buildings, equipment and vehicles	82,158,814	136,019,037	3,412,246	3,902,713	85,571,060	139,921,750
Water/Sewer treatment plants, equipment and lines	-	-	109,118,198	112,560,566	109,118,198	112,560,566
Construction in process	23,601,292	11,245,622	24,752,913	20,994,141	48,354,205	32,239,763
Total	\$ 122,489,250	\$ 163,993,803	\$ 141,189,810	\$ 141,363,873	\$ 263,679,060	\$ 305,357,676

Long-term Debt. As of June 30, 2020, the Town of Mooresville had total debt outstanding of \$96,820,854. Of this, \$37,425,000 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, \$6,905,778 is secured by capital and \$41,510,000 solely by specified revenue sources (e.g. revenue bonds).

Town of Mooresville's Outstanding Debt
Figure 5

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Direct Placement						
Installment purchase	\$ 6,010,076	\$ 11,982,361	\$ 6,905,778	\$ 7,547,655	\$ 12,915,854	\$ 19,530,016
Limited obligation bonds	4,970,000	61,295,000	-	-	4,970,000	61,295,000
General obligation bonds	37,425,000	40,420,000	-	-	37,425,000	40,420,000
Revenue bonds	-	-	41,510,000	48,470,000	41,510,000	48,470,000
	\$ 48,405,076	\$ 113,697,361	\$ 48,415,778	\$ 56,017,655	\$ 96,820,854	\$ 169,715,016

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 \$12,126,304 in fiscal year 2020. This compares to \$11,236,571 in fiscal year 2019.
- Property valuation increased by approximately 4.9% due to growth and development.

Budget Highlights for the Fiscal Year Ending June 30, 2021:

Governmental Activities. Reflected in the General Fund budget is an assessed tax valuation of \$7,943,070,000. Tax revenues should exceed 2019-2020 Approved Budget due to increased residential and commercial development within the town limits. Due to the anticipated economic impact of the Coronavirus the estimated percentage of collection of property taxes was reduced to 98%. The percentage of the levy actually realized in fiscal year 2019 was 99.22%. The assessed tax valuation at a 98 percent collection rate generates approximately \$778,421 per penny. With a tax rate of \$.58, the valuation results in \$45,000,000 of revenue to fund General Fund operations – an increase of \$2,100,000 from fiscal year 2019-2020 Approved Budget. Revenues are adequate 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 2021 adopted rates will continue to produce the level of revenue needed to support the Utility Fund. The Utility Fund revenues increased by 2.5 percent compared to the fiscal year 2019-2020 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, 2020

	Primary Government			Component Units	
	Governmental	Business-type	Total	Alcoholic Beverage	Mooreville Travel
	Activities	Activities		Control Board	and Tourism Authority
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 44,736,925	\$ 43,813,411	\$ 88,550,336	\$ 2,230,788	\$ 932,604
Restricted cash and cash equivalents	20,983,577	17,842,148	38,825,725	-	-
Taxes receivable (net)	700,796	-	700,796	-	-
Accrued interest receivable on taxes	401,480	-	401,480	-	-
Accounts receivables (net)	3,408,959	4,708,126	8,117,085	-	-
Due from other governments	10,058,417	-	10,058,417	-	87,232
Due from component unit	423,263	-	423,263	-	-
Inventories	205,791	476,437	682,228	1,104,442	-
Security deposit	-	-	-	-	5,833
Prepaid expense	-	-	-	11,543	-
Total current assets	80,919,208	66,840,122	147,759,330	3,346,773	1,025,669
Noncurrent assets:					
Property held for resale	146,328	-	146,328	-	-
Capital assets:					
Land and other non-depreciable improvements	40,330,436	28,659,366	68,989,802	661,345	1,383,004
Depreciable assets, net of depreciation	82,158,814	112,530,444	194,689,258	1,246,438	237,026
Total noncurrent assets	122,635,578	141,189,810	263,825,388	1,907,783	1,620,030
Total assets	203,554,786	208,029,932	411,584,718	5,254,556	2,645,699
DEFERRED OUTFLOWS OF RESOURCES					
Pension deferrals	5,720,720	884,875	6,605,595	60,190	-
OPEB deferrals	3,412,811	676,494	4,089,305	20,046	-
Total deferred outflows of resources	9,133,531	1,561,369	10,694,900	80,236	-
LIABILITIES					
Current liabilities:					
Accounts payable and accrued liabilities	3,226,712	1,438,589	4,665,301	1,244,813	18,023
Payable to joint agency	2,623,800	-	2,623,800	-	-
Deposits payable	-	323,962	323,962	-	-
Accrued interest payable	437,864	310,393	748,257	-	-
Current portion of long-term liabilities	7,357,810	4,540,499	11,898,309	-	2,229
Unearned revenue	554,501	-	554,501	-	-
Payable from restricted assets	1,132,436	-	1,132,436	-	-
Total current liabilities	15,333,123	6,613,443	21,946,566	1,244,813	20,252
Long-term liabilities:					
Due in more than one year	104,714,850	57,541,087	162,255,937	446,581	14,195
Total liabilities	120,047,973	64,154,530	184,202,503	1,691,394	34,447
DEFERRED INFLOWS OF RESOURCES					
Pension deferrals	402,327	53,039	455,366	-	-
OPEB deferrals	10,227,344	2,028,116	12,255,460	32,207	-
Total deferred inflows of resources	10,629,671	2,081,155	12,710,826	32,207	-
NET POSITION					
Net investment in capital assets	79,407,579	89,417,889	168,825,468	1,907,783	1,620,030
Restricted for:					
Stabilization by State Statute	13,155,237	-	13,155,237	-	93,065
Capital reserve (improvements)	7,628,980	-	7,628,980	152,119	-
Customer deposits	7,000	-	7,000	-	-
Supplemental Peg Channel Support	119,898	-	119,898	-	-
Working capital	-	-	-	435,460	-
Streets	930,971	-	930,971	-	-
Economic Development	640,377	-	640,377	-	898,157
Unspent donation funds	17,677	-	17,677	-	-
Public safety	137,615	-	137,615	-	-
Unrestricted	(20,034,661)	53,937,727	33,903,066	1,115,829	-
Total net position	\$ 82,010,673	\$ 143,355,616	\$ 225,366,289	\$ 3,611,191	\$ 2,611,252

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, 2020

Functions / Programs	Expenses	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Primary Government		Component Units		
						Business-type Activities	Total	Alcoholic Beverage Control Board	Mooreville Travel and Tourism Authority	
Primary government:										
Governmental activities:										
General government	\$ 16,429,959	\$ 422,422	\$ 19,829	\$ -	\$ (15,987,708)	\$ -	\$ (15,987,708)	\$ -	\$ -	
Transportation	4,621,428	22,028	1,126,649	-	(3,472,751)	-	(3,472,751)	-	-	
Public safety	23,084,371	739,267	435,670	-	(21,909,434)	-	(21,909,434)	-	-	
Economic and physical development	8,375,364	-	182,905	-	(8,192,459)	-	(8,192,459)	-	-	
Environmental protection	2,267,858	1,745,857	31,220	-	(490,781)	-	(490,781)	-	-	
Cultural and recreation	12,289,209	2,696,135	1,885,893	-	(7,707,181)	-	(7,707,181)	-	-	
Debt Service:										
Interest on long-term debt	2,067,479	-	-	-	(2,067,479)	-	(2,067,479)	-	-	
Total governmental activities	69,135,668	5,625,709	3,682,166	-	(59,827,793)	-	(59,827,793)	-	-	
Business-type activities:										
Utility	22,201,087	36,608,583	-	-	-	14,407,496	14,407,496	-	-	
Total business-type activities	22,201,087	36,608,583	-	-	-	14,407,496	14,407,496	-	-	
Total primary government	\$ 91,336,755	\$ 42,234,292	\$ 3,682,166	\$ -	\$ (59,827,793)	\$ 14,407,496	\$ (45,420,297)	\$ -	\$ -	
Component units:										
ABC Board	\$ 14,622,579	\$ 14,786,835	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 164,256	\$ -	
Mooreville Travel and Tourism Authority	914,151	-	-	803,995	-	-	-	-	(110,156)	
Total component units	\$ 15,536,730	\$ 14,786,835	\$ -	\$ 803,995	\$ -	\$ -	\$ -	\$ 164,256	\$ (110,156)	
General revenues:										
Taxes:										
Property taxes, levied for general purpose					44,184,596	-	44,184,596	-	-	
Other taxes					167,096	-	167,096	-	-	
Grants and contributions not restricted to specific purposes					17,014,707	-	17,014,707	-	-	
Unrestricted investment earnings					1,392,576	72,979	1,465,555	8,715	73	
Reimbursement from joint agency					5,088,766	-	5,088,766	-	-	
Gain on sale of MI Connection communications system					25,049,352	-	25,049,352	-	-	
Miscellaneous					5,633,285	-	5,633,285	-	-	
Total general revenues					98,530,378	72,979	98,603,357	8,715	73	
Change in net position					38,702,585	14,480,475	53,183,060	172,971	(110,083)	
Net position, beginning					43,308,088	128,875,141	172,183,229	3,438,220	2,721,335	
Net position, ending					\$ 82,010,673	\$ 143,355,616	\$ 225,366,289	\$ 3,611,191	\$ 2,611,252	

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







Fund Financial Statements

TOWN OF MOORESVILLE, NORTH CAROLINA
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2020

	<u>Major</u>	<u>Non-Major</u>	
	<u>General</u>	<u>Capital Projects and Home/Trust/CDBG Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and cash equivalents	\$ 38,734,607	\$ 6,002,318	\$ 44,736,925
Restricted cash and cash equivalents	20,343,200	640,377	20,983,577
Taxes receivables, net	700,796	-	700,796
Accounts receivable, net	3,395,907	-	3,395,907
Due from other governments	7,594,348	2,464,069	10,058,417
Due from component unit	423,263	-	423,263
Inventories	205,791	-	205,791
Total assets	<u>71,397,912</u>	<u>9,106,764</u>	<u>80,504,676</u>
LIABILITIES			
Accounts payable and accrued liabilities	3,226,712	-	3,226,712
Payable to joint agency	2,623,800	-	2,623,800
Payable from restricted assets	131,258	1,001,178	1,132,436
Total liabilities	<u>5,981,770</u>	<u>1,001,178</u>	<u>6,982,948</u>
DEFERRED INFLOWS OF RESOURCES			
Solid waste receivable	39,523	-	39,523
Property taxes receivable	698,612	-	698,612
Unavailable revenue	554,501	-	554,501
Total deferred inflows of resources	<u>1,292,636</u>	<u>-</u>	<u>1,292,636</u>
FUND BALANCES			
Nonspendable			
Inventories	205,791	-	205,791
Perpetual Maintenance	70,400	-	70,400
Restricted			
Stabilization by State Statute	13,155,237	-	13,155,237
Streets	930,971	-	930,971
Capital Reserve	159,293	-	159,293
Public Safety	137,615	-	137,615
Customer deposits	7,000	-	7,000
Supplemental Peg Channel Support	119,898	-	119,898
Economic Development	-	640,377	640,377
Unspent Donation Funds	17,677	-	17,677
Committed			
Recreation, streets and equipment	7,469,687	7,465,209	14,934,896
Workers compensation and other insurance	650,000	-	650,000
Unassigned	41,199,937	-	41,199,937
Total fund balances	<u>64,123,506</u>	<u>8,105,586</u>	<u>72,229,092</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 71,397,912</u>	<u>\$ 9,106,764</u>	<u>\$ 80,504,676</u>

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, 2020

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

Total Fund Balance, Governmental Funds	\$ 72,229,092
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds	
Gross capital assets at historical costs	\$ 206,184,954
Accumulated depreciation	<u>(83,695,704)</u>
	122,489,250
Capital assets held for re-sale used in governmental activities are not financial resources and therefore are not reported in the funds	146,328
Net pension liability (LGERS)	(8,970,096)
Deferred outflows of resources related to pensions are not reported in the funds	5,720,720
Deferred outflows of resources related to OPEB are not reported in the funds	3,412,811
Interest rebate	13,052
Interest receivable	401,480
Interest payable	(437,864)
Annual leave accrual	(2,179,813)
OPEB liability	(43,963,725)
Total pension liability (LEO)	(3,321,625)
Liabilities for earned revenues considered deferred inflows of resources in fund statements	
General fund	738,135
Non-major fund	637,266
Loan receivable for deferred inflows of resources (net)	(637,266)
Bond issuance premiums (net)	(5,232,326)
Deferred inflows of resources related to pensions are not reported in the funds	(402,327)
Deferred inflows of resources related to OPEB are not reported in the funds	(10,227,344)
Some liabilities, including installment purchase contracts, are not due and payable in the current period and therefore are not reported in the funds.	(48,405,075)
Net position of governmental activities	<u><u>\$ 82,010,673</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 BALANCES
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	<u>Major</u>	<u>Non-Major</u>	
	<u>General Fund</u>	<u>Capital Projects and Home/Trust/CDBG Funds</u>	<u>Total Governmental Funds</u>
REVENUES			
Ad Valorem taxes	\$ 44,177,961	\$ -	\$ 44,177,961
Other taxes and licenses	167,096	-	167,096
Unrestricted intergovernmental	17,014,707	-	17,014,707
Restricted intergovernmental	3,499,261	182,905	3,682,166
Permits and fees	1,005,298	-	1,005,298
Sales and services	4,620,411	-	4,620,411
Investment earnings	1,165,435	227,141	1,392,576
Reimbursement from joint agency	5,088,766	-	5,088,766
Miscellaneous	362,475	2,624,226	2,986,701
Total revenues	<u>77,101,410</u>	<u>3,034,272</u>	<u>80,135,682</u>
EXPENDITURES			
Current:			
General government	16,144,568	-	16,144,568
Public safety	19,516,231	-	19,516,231
Transportation	2,752,782	-	2,752,782
Economic development	6,493,750	25,750	6,519,500
Environmental protection	1,720,108	-	1,720,108
Cultural and recreation	9,046,077	-	9,046,077
Capital outlay	6,772,080	10,627,898	17,399,978
Debt service:			
Principal	65,292,285	-	65,292,285
Interest and other charges	5,416,031	-	5,416,031
Total expenditures	<u>133,153,912</u>	<u>10,653,648</u>	<u>143,807,560</u>
Revenues over (under) expenditures	<u>(56,052,502)</u>	<u>(7,619,376)</u>	<u>(63,671,878)</u>
OTHER FINANCING SOURCES (USES)			
Transfers from other funds	-	31,186	31,186
Transfers to other funds	(31,186)	-	(31,186)
Sale of capital assets	64,483	-	64,483
Total other financing sources (uses)	<u>33,297</u>	<u>31,186</u>	<u>64,483</u>
Special item:			
Proceeds from sale of MI Connection communications system	<u>80,254,449</u>	<u>-</u>	<u>80,254,449</u>
Net change in fund balances	24,235,244	(7,588,190)	16,647,054
Fund balances:			
Beginning of year	39,888,262	15,693,776	55,582,038
End of year	<u>\$ 64,123,506</u>	<u>\$ 8,105,586</u>	<u>\$ 72,229,092</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, 2020

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

Net changes in fund balances - total governmental funds	\$	16,647,054
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital outlay expenditures which were capitalized	\$	17,399,978	
Depreciation expense for governmental assets		(8,885,377)	
Capital assets disposed of during the year, not recognized on modified accrual basis, net of cost/depreciation		<u>(50,151,745)</u>	(41,637,144)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Change in tax receivable		(83,706)	
Change in interest income		90,341	
Change in revenue for long term note receivable		(1,751,853)	
Change in accounts receivable		(5,620)	

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.

Principal payments on long-term debt		65,292,285	
Decrease in accrued interest payable		490,683	
Change in deferred bond premium		2,857,869	

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

Compensated absences		(220,979)	
Pension expense		(1,812,602)	
OPEB plan expense		(984,630)	
LEO Separation Allowance annual contribution		<u>(179,113)</u>	

Total changes in net position of governmental activities	\$	<u><u>38,702,585</u></u>
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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, 2020

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive / (Negative)
REVENUES				
Ad Valorem taxes	\$ 43,175,000	\$ 43,175,000	\$ 44,177,961	\$ 1,002,961
Other taxes and licenses	120,000	120,000	167,096	47,096
Unrestricted intergovernmental	21,073,135	23,746,446	22,103,473	(1,642,973)
Restricted intergovernmental	2,097,299	2,424,269	2,459,236	34,967
Permits and fees	-	936,809	1,005,298	68,489
Sales and services	4,088,900	4,182,322	4,120,411	(61,911)
Investment earnings	800,000	800,000	1,153,441	353,441
Miscellaneous	1,145,332	254,532	362,475	107,943
Total revenues	<u>72,499,666</u>	<u>75,639,378</u>	<u>75,549,391</u>	<u>(89,987)</u>
EXPENDITURES				
Current:				
General government	18,124,732	42,748,236	23,275,412	19,472,824
Public safety	23,654,963	24,926,920	22,879,962	2,046,958
Transportation	3,651,991	3,624,081	3,102,968	521,113
Environmental protection	2,343,482	2,385,882	2,137,027	248,855
Cultural and recreation	11,754,443	12,164,970	10,129,606	2,035,364
Debt service:				
Principal retirement	8,897,287	65,842,287	65,292,285	550,002
Interest	4,562,768	6,601,717	5,416,031	1,185,686
Total expenditures	<u>72,989,666</u>	<u>158,294,093</u>	<u>132,233,291</u>	<u>26,060,802</u>
Revenues over (under) expenditures	<u>(490,000)</u>	<u>(82,654,715)</u>	<u>(56,683,900)</u>	<u>25,970,815</u>
OTHER FINANCING SOURCES (USES)				
Transfers from other funds	490,000	490,000	416,919	(73,081)
Transfers to other funds	-	(5,031,186)	(5,031,186)	-
Sale of capital assets	-	-	64,483	64,483
Total other financing sources (uses)	<u>490,000</u>	<u>(4,541,186)</u>	<u>(4,549,784)</u>	<u>(8,598)</u>
Special item:				
Proceeds from sale of MI Connection communications system	-	80,000,000	80,254,449	254,449
Fund balance appropriated	<u>-</u>	<u>7,195,901</u>	<u>-</u>	<u>(7,195,901)</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>19,020,765</u>	<u>\$ 19,020,765</u>
Fund balances				
Beginning of year			<u>36,542,790</u>	
End of year			<u>\$ 55,563,555</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, 2020

	Major	Non Major	
	Water and Sewer	Stormwater	
	Fund	Fund	Total
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 40,620,154	\$ 3,193,257	\$ 43,813,411
Restricted cash and cash equivalents	17,842,148	-	17,842,148
Accounts receivable, net	4,143,522	356,919	4,500,441
Other receivables	188,185	19,500	207,685
Inventory	476,437	-	476,437
Total current assets	<u>63,270,446</u>	<u>3,569,675</u>	<u>66,840,122</u>
Noncurrent assets:			
Capital assets:			
Land, improvements and construction in progress	28,402,771	256,595	28,659,366
Other capital assets, net of depreciation	110,621,434	1,909,010	112,530,444
Total noncurrent assets	<u>139,024,205</u>	<u>2,165,605</u>	<u>141,189,810</u>
Total assets	<u>202,294,651</u>	<u>5,735,281</u>	<u>208,029,932</u>
DEFERRED OUTFLOWS OF RESOURCES			
Pension deferrals	850,540	34,335	884,875
OPEB deferrals	676,494	-	676,494
Total deferred outflows of resources	<u>1,527,034</u>	<u>34,335</u>	<u>1,561,369</u>
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	1,338,349	100,240	1,438,589
Customer deposits	323,962	-	323,962
Accrued interest payable	310,393	-	310,393
Compensated absences	296,183	18,514	314,697
Loans and revenue bonds payable	4,225,802	-	4,225,802
Total current liabilities	<u>6,494,689</u>	<u>118,754</u>	<u>6,613,443</u>
Noncurrent liabilities:			
Loans and revenue bonds payable	47,737,983	-	47,737,983
Total OPEB liability	8,237,715	-	8,237,715
Compensated absences	23,591	848	24,439
Net pension liability	1,471,765	69,185	1,540,950
Total noncurrent liabilities	<u>57,471,054</u>	<u>70,033</u>	<u>57,541,087</u>
Total liabilities	<u>63,965,743</u>	<u>188,787</u>	<u>64,154,530</u>
DEFERRED INFLOWS OF RESOURCES			
Pension deferrals	71,239	(18,200)	53,039
OPEB deferrals	2,028,116	-	2,028,116
Total deferred inflows of resources	<u>2,099,355</u>	<u>(18,200)</u>	<u>2,081,155</u>
NET POSITION			
Net investment in capital assets	87,252,284	2,165,605	89,417,889
Unrestricted	50,504,303	3,433,424	53,937,727
Total net position	<u>\$ 137,756,587</u>	<u>\$ 5,599,029</u>	<u>\$ 143,355,616</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, 2020

	Major	Non Major	
	Water and Sewer	Stormwater	
	Fund	Fund	Total
OPERATING REVENUES			
Charges for sales and services	\$ 24,954,427	\$ 1,809,909	\$ 26,764,336
Other operating revenues	2,177,369	101,223	2,278,592
Total operating revenues	<u>27,131,796</u>	<u>1,911,132</u>	<u>29,042,928</u>
OPERATING EXPENSES			
Water and sewer administration	8,021,449	-	8,021,449
Water treatment	2,842,563	-	2,842,563
Wastewater treatment	3,290,947	-	3,290,947
Stormwater	-	654,438	654,438
Depreciation	4,649,215	210,595	4,859,810
Total operating expenses	<u>18,804,174</u>	<u>865,033</u>	<u>19,669,207</u>
Operating income	<u>8,327,622</u>	<u>1,046,099</u>	<u>9,373,721</u>
NONOPERATING REVENUES (EXPENSES)			
Interest income	72,979	-	72,979
Bank escrow fees	(4,840)	-	(4,840)
Interest expense	(2,527,041)	-	(2,527,041)
System development fees	7,159,492	-	7,159,492
Amortization of bond premium	406,164	-	406,164
Total nonoperating revenue (expenses)	<u>5,106,754</u>	<u>-</u>	<u>5,106,754</u>
Change in net position	13,434,376	1,046,099	14,480,475
Net position, beginning	124,322,211	4,552,930	128,875,141
Total net position, ending	<u>\$ 137,756,587</u>	<u>\$ 5,599,029</u>	<u>\$ 143,355,616</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, 2020

	Major	Non Major	
	Water and Sewer	Stormwater	Total
	Fund	Fund	
Cash flows from operating activities:			
Cash received from customers	\$ 26,832,159	\$ 1,864,117	\$ 28,696,276
Cash paid for goods and services	(6,662,338)	(120,687)	(6,783,025)
Cash paid to or on behalf of employees for services	(6,470,878)	(486,336)	(6,957,214)
Customer deposits received, net of returns	98,330	-	98,330
Net cash provided by operating activities	<u>13,797,273</u>	<u>1,257,094</u>	<u>15,054,367</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(4,426,634)	(259,114)	(4,685,748)
Principal paid on long term debt	(3,196,877)	-	(3,196,877)
Principal reduction - refunding	(4,405,000)	-	(4,405,000)
Interest paid on long term debt	(2,251,403)	-	(2,251,403)
Bond Issue Costs	(290,903)	-	(290,903)
System development fees	7,159,492	-	7,159,492
Net cash used for capital and related financing activities	<u>(7,411,325)</u>	<u>(259,114)</u>	<u>(7,670,439)</u>
Cash flows from investing activities:			
Interest on investments	<u>72,979</u>	<u>-</u>	<u>72,979</u>
Net increase in cash and cash equivalents	6,458,927	997,980	7,456,907
Cash and cash equivalents, July 1	52,003,375	2,195,277	54,198,652
Cash and cash equivalents, June 30	<u>\$ 58,462,302</u>	<u>\$ 3,193,257</u>	<u>\$ 61,655,559</u>
Reconciliation of operating income to net cash used for operating activities:			
Operating income	<u>\$ 8,327,622</u>	<u>\$ 1,046,099</u>	<u>\$ 9,373,721</u>
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	4,649,215	210,595	4,859,810
Changes in assets and liabilities:			
Increase in accounts receivable	(118,856)	(25,167)	(144,023)
Increase in other receivables	(463,309)	(19,500)	(482,809)
Decrease in allowance for doubtful accounts	(40,187)	-	(40,187)
Increase in inventory	(53,656)	-	(53,656)
Increase in accounts payable and accrued expenses	217,176	25,484	242,660
Increase in customer deposits and advances	98,515	-	98,515
Increase in compensated absences	23,591	848	24,439
Decrease in deferred fees	(36,254)	-	(36,254)
Decrease/(Increase) in deferred outflows of resources - pensions	7,063	(441)	6,622
Decrease in deferred outflows of resources - OPEB	342,190	-	342,190
Decrease in OPEB liability	1,132,752	-	1,132,752
Increase in OPEB contributions	(595,411)	-	(595,411)
Decrease in pension contributions	138,787	8,674	147,461
Increase in net pension liability	168,035	10,502	178,537
Total adjustments	<u>820,436</u>	<u>400</u>	<u>820,836</u>
Net cash provided by operating activities	<u>\$ 13,797,273</u>	<u>\$ 1,257,094</u>	<u>\$ 15,054,367</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, 2020

	Agency Funds
ASSETS	
Cash and cash equivalents	\$ 47,822
Accounts receivable	<u>279,396</u>
Total assets	<u>327,218</u>
LIABILITIES	
Intergovernmental payable	<u>327,218</u>
Total liabilities	<u>327,218</u>
NET POSITION	
Net position held in trust	<u><u>\$ -</u></u>

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, 2020

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, 2020

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, cultural and recreation, and sanitation services. Additionally, the Town has legally adopted the Capital Reserve Funds and Powell Bill Fund. 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.

The Town reports the following non-major governmental fund:

Capital Projects Fund. This fund is used to account for streets and sidewalk improvements, 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.

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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.

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, 2020

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. Non-exchange transactions, in which the Town gives (or receives) value without directly receiving (or giving) equal value in exchange, include property taxes, grants, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Town's enterprise funds are charges to customers for sales and services. 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, 2020

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. The Town Manager is authorized to transfer funds from line item within a department's budget and from department to department within a fund without increasing or decreasing appropriation in said fund. The Town Board must approve fund transfers from one fund to another and any increases or decreases to a fund. 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, 2020

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 generally reported at fair value. 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 is bond fund, has no rating and is measured at fair value. As of June 30, 2020, The Term Portfolio has a duration of .15 years. Because the NCCMT Government and Term Portfolios have a weighted average maturity of less than 90 days, they are presented as an investment with a maturity of less than 6 months.

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, 2020

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)

	Restricted Cash
Governmental activities:	
General fund	
LN Regional Traffic Commission	\$ 4,628
PAL program	6,015
Customer deposits	9,727
Unspent donations	11,662
Alcohol Education	36,903
Perpetual Maintenance	70,400
PEG Channel Funds	119,898
Public Safety	137,615
Capital reserve - Sanitation	159,292
Cash bonds	195,064
In lieu of construction	198,418
LEO retirement account	305,931
Economic Development	640,377
Streets - Powell Bill	1,062,229
Capital reserve	7,469,687
Unexpended bond proceeds	10,555,731
Total governmental activities	<u>20,983,577</u>
Business-type activities:	
Water and Sewer fund	
Unexpended bond proceeds	191,864
Security deposits	323,962
Capital reserve	17,326,322
Total business-type activities	<u>17,842,148</u>
Total restricted cash	<u><u>\$ 38,825,725</u></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, 2019.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

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

5. 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.

6. 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>
Vehicles	3-6 years
Furniture, Equipment and Software	3-20 years
Improvements	10-30 years
Infrastructure	15-50 years
Cable System	25 years
Buildings/Structures	25-50 years

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

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

6. 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

7. 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 two items that meets the criterion for this category – pension contributions in 2020 fiscal year and OPEB expense in 2020 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, 2020

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

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

8. 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.

9. 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 37.5 to 40 hours (five days) 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, 2020

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

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

9. 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.

10. 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 externally imposed either 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:

Nonspendable 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, 2020

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

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

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

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

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

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

Fund Balances (*cont'd*)

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 (highest level of decision-making authority). The governing body can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

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.

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.

11. 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.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

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

12. 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/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/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, 2020

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, 2020, the Town's deposits had a carrying amount of \$8,415,323 and a bank balance of \$8,937,952. Of the bank balance, 100% was covered under the Pooling Method. The Town also carries a balance of \$3,225 in cash on hand. The carrying amount of deposits at a financial institution for the ABC Board was \$2,221,788, and the bank balance was \$2,141,605. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and \$1,891,605 in interest bearing deposits was covered by collateral held under the Pooling Method. At June 30, 2020, the ABC Board had \$9,000 cash on hand. At June 30, 2020, the Authority's deposits had a carrying amount of \$932,604 and a bank balance of \$934,703. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and \$684,703 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, 2020

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

A. Assets (cont'd)

2. Investments

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

Investment by Type	Valuation Measurement Method	Book Value at 6/30/2020	Maturity	Rating
NC Capital Management Trust-Government Portfolio	Fair Value Level 1	\$ 119,001,404	N/A	AAAm
NC Capital Management Trust-Term Portfolio	Fair Value Level 1	3,931	0.15 Years	Unrated
Total		<u>\$ 119,005,335</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, 2020. 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, 2020, the ABC Board has no investments.

The Authority considers all certificates of deposit with an original maturity of more than three months to be investments. At June 30, 2020, the Authority has no investments.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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 \$47,092. Receivables at the government-wide level at June 30, 2020 were as follows:

	Accounts Receivable	Taxes and Related Accrued Interest	Due from Other Governments	Total
Governmental activities:				
General	\$ 3,408,959	\$ 1,053,323	\$ 10,058,417	\$ 14,520,699
Other governmental	423,263	-	-	423,263
Total receivables	3,832,222	1,053,323	10,058,417	14,943,962
Allowance for doubtful accounts	-	(352,527)	-	(352,527)
Total governmental activities	\$ 3,832,222	\$ 700,796	\$ 10,058,417	\$ 14,591,435
Business-type activities:				
Water and sewer	\$ 4,653,291	\$ -	\$ -	\$ 4,653,291
Stormwater	376,418	-	-	376,418
Allowance for doubtful accounts	(321,583)	-	-	(321,583)
Total business-type activities	\$ 4,708,126	\$ -	\$ -	\$ 4,708,126

Amounts due from governmental agencies consist of the following:

	Other Government	State	Total
Governmental activities:			
Sales and use tax distribution	\$ -	\$ 1,990,694	\$ 1,990,694
Utilities, franchise and telecommunication tax	-	780,000	780,000
Solid waste fees	53,288	-	53,288
Gross receipts	5,121	-	5,121
Sales tax refund	-	891,981	891,981
Property taxes	355,861	-	355,861
North Carolina Department of Transportation	-	1,518,857	1,518,857
NC911 Allotment	-	985	985
Internal Revenue Service	53	-	53
FEMA	39,303	-	39,303
CARES Act	133,884	-	133,884
Grant reimbursements	1,824,321	2,464,069	4,288,390
Total governmental activities	\$ 2,411,831	\$ 7,646,586	\$ 10,058,417

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Government activities:				
Capital assets not being depreciated:				
Land	\$ 16,729,144	\$ -	\$ -	\$ 16,729,144
Construction in progress	11,245,622	12,682,072	326,402	23,601,292
Total capital assets not being depreciated	27,974,766	12,682,072	326,402	40,330,436
Capital assets being depreciated:				
Buildings	52,983,399	261,701	-	53,245,100
Improvements	61,755,919	1,227,840	-	62,983,759
Equipment	14,070,884	1,160,220	268,216	14,962,888
Vehicles	18,791,940	2,394,549	365,385	20,821,104
Software	308,759	-	-	308,759
Infrastructure	13,532,908	-	-	13,532,908
Cable system	86,144,071	-	86,144,071	-
Total capital assets being depreciated	247,587,880	5,044,310	86,777,672	165,854,518
Less accumulated depreciation for:				
Buildings	13,005,028	1,068,169	-	14,073,197
Improvements	38,864,607	2,567,067	-	41,431,674
Equipment	9,583,652	1,262,409	249,256	10,596,805
Vehicles	13,005,379	1,566,665	348,264	14,223,780
Software	287,339	21,420	-	308,759
Infrastructure	2,385,115	676,374	-	3,061,489
Cable system	34,437,723	1,723,273	36,160,996	-
Total accumulated depreciation	111,568,843	\$ 8,885,377	\$ 36,758,516	83,695,704
Total capital assets being depreciated, net	136,019,037			82,158,814
Governmental activity capital assets, net	\$ 163,993,803			\$ 122,489,250

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

Function / Program	Depreciation Expense
General government	\$ 558,225
Transportation	1,760,930
Public safety	1,652,348
Economic and physical development	1,723,273
Environmental protection	388,404
Cultural and recreational	2,802,197
Total depreciation expense	\$ 8,885,377

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

A. 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	20,764,812	3,756,700	-	24,521,512
Total capital assets not being depreciated	24,646,071	3,756,700	-	28,402,771
Capital assets being depreciated:				
Water/Sewer Treatment Plants, equipment & lines	191,826,892	444,419	-	192,271,311
Equipment	9,590,181	225,515	35,848	9,779,848
Total capital assets being depreciated	201,417,073	669,934	35,848	202,051,159
Less accumulated depreciation for:				
Water/Sewer Treatment Plants, equipment & lines	80,173,918	4,101,974	-	84,275,892
Equipment	6,642,440	547,241	35,848	7,153,833
Total accumulated depreciation	86,816,358	4,649,215	35,848	91,429,725
Total capital assets being depreciated, net	114,600,715			110,621,434
Utility Fund capital assets, net	139,246,785			139,024,204
Stormwater Fund:				
Capital assets not being depreciated:				
Land	25,194	-	-	25,194
Construction in progress	229,329	259,114	257,042	231,401
Total capital assets not being depreciated	254,523	259,114	257,042	256,595
Capital assets being depreciated:				
Stormwater systems	978,068	257,042	-	1,235,110
Equipment	1,171,809	-	-	1,171,809
Total capital assets being depreciated	2,149,877	257,042	-	2,406,919
Less accumulated depreciation for:				
Stormwater systems	70,476	41,855	-	112,331
Equipment	216,837	168,741	-	385,578
Total accumulated depreciation	287,313	\$ 210,596	\$ -	497,909
Total capital assets being depreciated, net	1,862,564			1,909,010
Stormwater Fund capital assets, net	2,117,087			2,165,605
Business-type activity capital assets, net	\$ 141,363,873			\$ 141,189,810

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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, 2020. At year-end, the government's commitments with contractors are as follows:

Project	Contract Amount	Spent-to-date	Remaining Commitment
Mooresville Schools Network Sidewalk	\$ 5,468,307	\$ 1,813,292	\$ 3,655,015
Mount Mourne Gravity Sewer	3,878,619	3,628,187	250,432
NC801/NC150 Improvements	3,549,080	1,355,118	2,193,962
Mill Village Upgrades	3,491,422	3,345,154	146,268
West McLelland Avenue Improvements	3,080,272	2,922,810	157,462
Mill Village Street Improvements	2,387,875	2,324,706	63,169
Faith Road/NC115 Improvements	2,308,903	460,650	1,848,253
US21/Connector Road Waterline	2,015,273	1,805,953	209,320
Booster Pump Station	1,894,000	307,307	1,586,693
NC115/NC150 Intersection Improvement	1,757,525	1,352,922	404,603
New Police Station	1,191,000	695,500	495,500
Mill Village Stormwater Improvements	1,073,285	1,006,122	67,163
Stormwater Improvements	725,396	79,970	645,426
2020 Street Resurfacing	586,017	350,739	235,278
Northside Force Main	563,800	468,829	94,971
Fire Training Center	201,500	39,000	162,500
Liberty Park Phase II	67,200	61,704	5,496
West Wilson Avenue Improvements	65,910	26,618	39,292
Fleet Maintenance Addition	46,500	6,500	40,000
Dog Park	22,900	8,433	14,467
Total	\$ 34,374,784	\$ 22,059,514	\$ 12,315,270

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 661,345	\$ -	\$ -	\$ 661,345
Capital assets being depreciated:				
Buildings	2,036,411	9,480	-	2,045,891
Land improvements	2,000	-	-	2,000
Furniture, fixtures & equipment	490,212	-	-	490,212
Paving	89,003	22,700	-	111,703
Total capital assets being depreciated	2,617,626	32,180	-	2,649,806
Less accumulated depreciation for:				
Buildings	893,487	53,131	-	946,618
Land improvements	1,287	133	-	1,420
Furniture, fixtures & equipment	421,440	13,443	-	434,883
Paving	14,085	6,362	-	20,447
Total accumulated depreciation	1,330,299	\$ 73,069	\$ -	1,403,368
Total capital assets being depreciated, net	1,287,327			1,246,438
ABC capital assets, net	<u>\$ 1,948,672</u>			<u>\$ 1,907,783</u>

Depreciation expense for the fiscal year ended June 30, 2020 amounted to \$73,069.

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TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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, 2020, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 1,358,341	\$ 25,869	\$ 1,206	\$ 1,383,004
Capital assets being depreciated:				
Furniture and equipment	47,528	1,080	-	48,608
Leasehold improvements	252,136	-	-	252,136
Computer software	7,400	-	-	7,400
Total capital assets being depreciated	307,064	1,080	-	308,144
Less accumulated depreciation for:				
Furniture and equipment	16,166	6,036	-	22,202
Leasehold improvements	25,447	16,809	-	42,256
Computer software	6,660	-	-	6,660
Total accumulated depreciation	48,273	\$ 22,845	\$ -	71,118
Total capital assets being depreciated, net	258,791			237,026
Authority capital assets, net	<u>\$ 1,617,132</u>			<u>\$ 1,620,030</u>

Depreciation expense for the fiscal year ended June 30, 2020 amounted to \$22,845.

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TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

B. Liabilities

1. Payables

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

	Vendors	Salaries & Benefits	Total
All governmental activities	\$ 1,986,058	\$ 1,240,654	\$ 3,226,712
Business-type activities:			
Water and sewer	\$ 1,153,870	\$ 184,479	\$ 1,338,349
Stormwater	89,840	10,400	100,240
Total business-type activities	\$ 1,243,710	\$ 194,879	\$ 1,438,589

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. The State's CAFR 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, 2020

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, 2020, was 9.70% of compensation for law enforcement officers and 8.95% 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 9.04% 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 \$2,373,019 and \$27,228, respectively for the year ended June 30, 2020.

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, 2020

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, 2020, the Town and the ABC Board reported a liability of \$10,511,046 and \$69,092 respectively for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial 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 (measurement date), the Town's and the ABC Board's proportion was 0.38489% and 0.00253% respectively, which was a decrease of 0.00782% and a decrease of 0.00023% respectively, from their proportion measured as of June 30, 2018.

For the year ended June 30, 2020, the Town recognized pension expense of \$2,131,094. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,799,757	\$ -
Changes of assumptions and other inputs	1,713,126	-
Net difference between projected and actual earnings on pension plan investments	256,379	-
Changes in proportion and differences between Town contributions and proportionate share of contributions	9,601	337,008
Town contributions subsequent to the measurement date	2,373,019	-
Total	<u>\$ 6,151,882</u>	<u>\$ 337,008</u>

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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)

\$2,373,019 reported as deferred outflows of resources related to pensions resulting from Town contributions subsequent to the measurement date will be recognized as a decrease of the net pension liability in the year ended June 30, 2021. 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	\$ 1,736,853
2021	509,981
2022	943,385
2023	251,636
2024	-
Thereafter	-
	<u>\$ 3,441,855</u>

For the year ended June 30, 2020, the ABC Board recognized pension expense of \$33,727. At June 30, 2020, 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	\$ 11,830	\$ -
Changes of assumptions	11,261	-
Net difference between projected and actual earnings on pension plan investments	1,686	-
Changes in proportion and differences between ABC Board contributions and proportionate share of contributions	8,185	-
ABC Board contributions subsequent to the measurement date	27,228	-
Total	<u>\$ 60,190</u>	<u>\$ -</u>

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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)

\$27,228 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, 2021. 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	\$ 15,101
2021	5,956
2022	8,733
2023	3,172
2024	-
Thereafter	-
	<u>\$ 32,962</u>

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

Inflation	3.00 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.

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

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, 2020

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, 2019 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 2018 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, 2020

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)	\$ 24,040,684	\$ 10,511,046	\$ (734,824)
ABC Board's proportionate share of the net pension liability (asset)	\$ 158,027	\$ 69,092	\$ (4,830)

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, 2018, the Separation Allowance's membership consisted of:

Retirees receiving benefits	7
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	85
Total	<u>92</u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

Inflation	2.50 percent
Salary increases	3.50 to 7.35 percent, including inflation
Discount rate	3.26 percent

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

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 \$123,026 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, 2020

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, 2020, the Town reported a total pension liability of \$3,321,625. The total pension liability was measured as of December 31, 2019 based on a December 31, 2018 actuarial valuation. The total pension liability was then rolled forward to the measurement date of December 31, 2019 utilizing update procedures incorporating the actuarial assumptions. For the year ended June 30, 2020, the Town recognized pension expense of \$179,113.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 208,537	\$ 6,417
Changes of assumptions and other inputs	175,805	111,941
Town benefit payments and plan administrative expense made subsequent to the measurement date	69,371	-
Total	<u>\$ 453,713</u>	<u>\$ 118,358</u>

\$69,371 paid as benefits came due 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, 2021. Other amounts reported as deferred outflows/inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	
2021	\$ 63,888
2022	63,888
2023	68,372
2024	48,756
2025	19,847
Thereafter	1,233
	<u>\$ 265,984</u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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 3.26 percent, as well as what the Town's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.26 percent) or 1-percentage-point higher (4.26 percent) than the current rate:

	1% Decrease (2.26%)	Discount Rate (3.26%)	1% Increase (4.26%)
Total pension liability	\$ 3,604,499	\$ 3,321,625	\$ 3,061,756

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

	2020
Beginning balance	\$ 3,109,557
Changes for the year	
Service cost	130,422
Interest on the total pension liability	110,949
Changes of benefit terms	-
Differences between expected and actual experience	(7,680)
Changes of assumptions and other inputs	101,403
Benefit payments and administrative expenses	(123,026)
Other changes	-
Ending balance of the total pension liability	<u>\$ 3,321,625</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, 2018 valuation were based on the results of an actuarial experience study for the five-year period ending December 31, 2014.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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	\$ 2,131,094	\$ 179,113	\$ 2,310,207
Pension Liability	10,511,046	3,321,625	13,832,671
Proportionate share of the net pension liability	0.38489%	n/a	
Deferred Outflows of Resources			
Differences between expected and actual experience	1,799,757	208,537	2,008,294
Changes of assumptions and other inputs	1,713,126	175,805	1,888,931
Net difference between projected and actual earnings on plan investments	256,379	-	256,379
Changes in proportion and differences between Town contributions and proportionate share of contributions	9,601	-	9,601
Benefit payments and administrative costs paid subsequent to the measurement date	2,373,019	69,371	2,442,390
Deferred Inflows of Resources			
Differences between expected and actual experience	-	6,417	6,417
Changes of assumptions and other inputs	-	111,941	111,941
Net difference between projected and actual earnings on plan investments	-	-	-
Changes in proportion and differences between contributions and proportionate share of contributions	337,008	-	337,008

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, 2020

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, 2020 were \$1,013,745 for non-law enforcement and \$255,978 for law enforcement employees. ABC Board contributions for the year ended June 30, 2020 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 (FRSWPF), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The FRSWPF 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. The State's CAFR 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 FRSWPF. The Town's contributions totaled \$7,010 in fiscal year 2020. 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, 2020, the State contributed \$18,302,000 to the plan. The Town's proportionate share of the State's contribution is \$40,106.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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, 2020, 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 \$79,510. The net pension liability was measured as of June 30, 2019. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2018. The total pension liability was then rolled forward to the measurement date of June 30, 2019 utilizing update procedures incorporating the actuarial 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, 2019 and at June 30, 2018 was 0%.

For the year ended June 30, 2020, the Town recognized pension expense of \$41,860 and revenue of \$41,860 for support provided by the State. At June 30, 2020, 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, 2018 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, 2020

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, 2020. The plan provides retirement benefits to employees of the Authority. Employees may also make voluntary contributions to the plan. The Authority made contributions of \$4,842 to the SIMPLE IRA plan during the year ended June 30, 2020.

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, 2020

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:

	General Employees	Law 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 \$52,201,440 was measured as of June 30, 2019 and was determined by an actuarial valuation as of June 30, 2018.

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

Inflation	2.50 percent
Salary increases	3.50 - 7.75 percent including inflation
Discount rate	3.50 percent
Healthcare cost trend rates	Pre-Medicare - 7.25 percent Medicare - 5.38 percent Dental - 4.00 percent Vision - 2.50 percent

The Municipal Bond Index Rate selected by the Town for this purpose is the Bond Buyer General Obligation 20-year Municipal Bond Index published at the last Thursday of June by The Bond Buyer.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

	2020
Beginning Balance	\$ 45,353,437
Changes for the year	
Service cost	1,637,351
Interest	1,752,452
Changes of benefit terms	-
Differences between expected and actual experience	22,466
Changes in assumptions or other inputs	4,048,110
Benefit payments	(612,376)
Net changes	6,848,003
Ending Balance of the Total OPEB Liability	\$ 52,201,440

Changes in assumptions and other inputs reflect a change in the discount rate from 3.89% to 3.50%.

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

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 64,866,718	\$ 52,201,440	\$ 42,625,779

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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:

	1% Decrease	Discount Rate	1% Increase
	PreMedicare - 6.25%, Medicare - 4.38%, Dental - 3.00%, Vision - 1.50%	PreMedicare - 7.25%, Medicare - 5.38%, Dental - 4.00%, Vision - 2.50%	PreMedicare - 8.25%, Medicare - 6.38%, Dental - 5.00%, Vision - 3.50%
Total OPEB liability	\$ 41,219,611	\$ 52,201,440	\$ 67,241,778

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

For the year ended June 30, 2020, the Town recognized OPEB expense of \$1,179,781. At June 30, 2020, the Town reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 19,661	\$ 4,916,971
Changes of assumptions and other inputs	3,542,728	7,338,489
Benefit payments and administrative costs made subsequent the measurement date	526,916	-
Total	\$ 4,089,305	\$ 12,255,460

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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)

\$526,916 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, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (1,560,506)
2021	(1,560,506)
2022	(1,560,506)
2023	(1,560,506)
2024	(1,560,506)
Thereafter	(890,541)
	<u>\$ (8,693,071)</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, 2020

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, 2020:

Schedule of Plan Participation	
	2020
Retired members	-
Active plan members	4
	<u>4</u>

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 \$377,489 was measured as of June 30, 2019 and was determined by an actuarial valuation as of that date.

Actuarial assumptions and other inputs. The total OPEB liability in the June 30, 2020 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 wage inflation
Discount rate	3.50 percent
Healthcare cost trend rates	Pre-Medicare - 7.00 percent for 2019 decreasing to an ultimate rate of 4.50% by 2026 Medicare - 5.00 percent for 2019 decreasing to an ultimate rate of 4.50% by 2021

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.

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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 the Total OPEB Liability

	2020
Beginning Balance	\$ 329,963
Changes for the year:	
Service cost	9,669
Interest	12,836
Differences between expected and actual experience	23,850
Changes in assumptions and other inputs	1,171
Net changes	47,526
Ending Balance of the Total OPEB Liability	\$ 377,489

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

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, 2019 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, 2019 valuation were based on a review of recent plan experience done concurrently with the June 30, 2019 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 (2.50%) or 1-percentage-point higher (4.50%) than the current discount rate:

	1% Decrease (2.50%)	Discount Rate (3.50%)	1% Increase (4.50%)
Total OPEB liability	\$ 446,382	\$ 377,489	\$ 322,123

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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)

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	\$ 316,729	\$ 377,489	\$ 453,880

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

For the year ended June 30, 2020, the ABC Board recognized OPEB expense of \$18,552. At June 30, 2020, 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
Differences between expected and actual experience	\$ 19,108	\$ -
Changes of assumptions or other inputs	938	32,207
Total	<u>\$ 20,046</u>	<u>\$ 32,207</u>

\$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, 2021. Other amounts reported as deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	
2020	\$ (3,953)
2021	(3,953)
2022	(3,953)
2023	349
2024	(651)
Thereafter	-
	<u>\$ (12,161)</u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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. Contributions are determined as a percentage of monthly payroll based upon rates established annually by the State. Separate rates are set for employees not engaged in law enforcement and for law enforcement officers.

The Town 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, 2020, the Town made contributions to the State for death benefits of \$17,314. 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.

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

B. Liabilities (cont'd)

4. Deferred Outflows and Inflows of Resources

The Town has several deferred outflows of resources as of June 30, 2020. The deferred outflows reported on the Statement of Net Position is comprised of the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 2,373,019
Benefit payments and administrative expenses for LEOSA made subsequent to measurement date	69,371
Differences between expected and actual experience	2,027,955
Changes in assumptions and other inputs	5,431,659
Net difference between projected and actual	256,379
Changes in proportion and differences between employer contributions and proportionate share of contributions	9,601
Benefit payments and administrative expenses for OPEB made subsequent to measurement date	526,916
Total	<u>\$ 10,694,900</u>

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

	<u>Statement of Net Position</u>	<u>General Fund Balance Sheet</u>
Solid waste receivable	\$ -	\$ 39,523
Property taxes receivable	-	698,612
Unavailable revenue	-	554,501
Differences between expected and actual experience	4,923,388	-
Changes in assumptions and other inputs	7,450,430	-
Changes in proportion and differences between employer contributions and proportionate share of contributions	337,008	-
Total	<u>\$ 12,710,826</u>	<u>\$ 1,292,636</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.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

B. Liabilities (cont'd)

5. Risk Management (cont'd)

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. For the past three years, premiums have followed market trends and claims have not exceeded coverage.

In accordance with G.S. 159-29, the Town's employees having access to \$100 or more at any given time of the Town's funds are covered under a blanket bond covering all employees with a limit of \$750,000 each occurrence with a \$25,000 retention. The Chief Financial Officer is bonded for \$100,000.

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.

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.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

B. Liabilities (cont'd)

6. Claims, Judgements and Contingent Liabilities

At June 30, 2020, 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. 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 placement 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.

In September 2008, the Town entered into a direct placement 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 December 2019, the outstanding principal balance of \$4,105,000 was paid off with proceeds from the sale of the cable television and internet access system.

In May 2010, the Town entered into a direct placement 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.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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 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. In December 2019, the outstanding principal balance of \$52,840,000 was paid off with proceeds from the sale of the cable television and internet access system.

On June 9, 2016, the Town entered into a direct placement 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.

As of June 30, 2020, the future minimum payments of the installment purchases are:

Year Ending June 30,	Governmental Activities	
	Notes from Direct Placement	
	Principal	Interest
2021	\$ 1,332,285	\$ 277,054
2022	1,182,091	212,110
2023	1,031,900	156,405
2024	1,031,900	103,777
2025	1,031,900	51,150
2026	400,000	8,760
Total payments	<u>\$ 6,010,076</u>	<u>\$ 809,256</u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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 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, 2020, \$5,075,000 of bonds outstanding are considered defeased.

As of June 30, 2020, the future minimum payments of the limited obligation purchases are:

Year Ending June 30,	Governmental Activities	
	Bonds	
	Principal	Interest
2021	\$ 570,000	\$ 171,819
2022	570,000	149,019
2023	565,000	126,319
2024	560,000	103,819
2025	555,000	84,294
2026-2029	2,150,000	146,409
Total payments	\$ 4,970,000	\$ 781,679

Business Type Activities

In December 1999, the Town entered into a direct placement 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. All principal and interest has been paid as of June 30, 2020.

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.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

B. Liabilities (cont'd)

7. Long-Term Obligations (cont'd)

b. General Obligation Indebtedness (cont'd)

The Town's general obligation bonds payable at June 30, 2020 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.	\$ 15,000,000
\$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.	12,925,000
\$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.	9,500,000
	<u><u>\$ 37,425,000</u></u>

As of June 30, 2020, the future minimum payments of the general obligation bonds are:

Year Ending June 30,	Governmental Activities	
	Principal	Interest
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	3,035,000	880,750
2026-2030	12,825,000	2,597,450
2031-2035	7,500,000	975,000
2036-2039	2,000,000	150,000
Total	<u><u>\$ 37,425,000</u></u>	<u><u>\$ 9,596,450</u></u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

B. Liabilities (cont'd)

7. Long-Term Obligations (cont'd)

c. State Revolving Loan

In May 2010, the Town entered into a direct placement 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, 2020, future payments of the State revolving loan are:

Year Ending June 30,	Principal	Interest
2021	\$ 569,239	\$ 153,308
2022	581,876	140,671
2023	594,794	127,754
2024	607,998	114,549
2025	621,496	101,052
2026-2030	3,320,669	292,071
2031	609,707	13,536
Total	<u>\$ 6,905,778</u>	<u>\$ 942,940</u>

d. 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%. The Series 2010B Revenue Bonds were refunded in November 2019.

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, 2020, \$27,620,000 of bonds outstanding are considered defeased.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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, 2020, the future minimum payments of the revenue bonds are:

Year Ending June 30,	Principal	Interest
2021	\$ 3,340,000	\$ 1,709,044
2022	3,450,000	1,595,344
2023	3,625,000	1,422,844
2024	3,775,000	1,270,394
2025	3,925,000	1,111,594
2026-2030	17,720,000	2,727,268
2031-2035	5,675,000	443,531
Total	<u>\$ 41,510,000</u>	<u>\$ 10,280,019</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, 2020 is as follows:

Operating revenues	\$ 27,131,796
Operating expenses*	<u>14,154,959</u>
Operating income	12,976,837
Non-operating revenues (expenses)**	<u>7,187,958</u>
Income available for debt service	<u>\$ 20,164,795</u>
Debt service, principal and interest paid (Revenue bonds only)	\$ 9,041,204
Debt service coverage ratio	223%

* Per rate covenants, this does not include depreciation expense of \$4,649,215.

** Per rate covenants, this does not include revenue bond interest paid of \$2,081,204.

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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 \$41,510,000. Principal and interest paid for the current year were \$6,960,000 and \$2,081,204, respectively.

e. Refunding

In November 2019, the Town entered into an advance refunding of Taxable Enterprise System Revenue Bonds, (Recovery Zone Economic Development Bonds), Series 2010B. The Town of Mooresville, North Carolina Enterprise System Revenue Refunding Bonds, Series 2019 defeased the 2010B Taxable Enterprise System Revenue Bonds (RZEDBs). The refunding reduced total debt service by \$4,405,000 and resulted in a net present value savings of \$1,768,177. Principal installments are due annually with semiannual interest payments due May 1 and November 1.

(continued on next page)

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

B. Liabilities (cont'd)

7. Long-Term Obligations (cont'd)

f. Changes in Long Term Liabilities

	Beginning Balance			Balance	Current Portion
	July 1, 2019	Increases	Decreases	June 30, 2020	of Balance
Governmental activities:					
Direct placement installment purchase	\$ 11,982,361	\$ -	\$ 5,972,285	\$ 6,010,076	\$ 1,332,285
Limited obligation bonds	61,295,000	-	56,325,000	4,970,000	570,000
General obligation bonds	40,420,000	-	2,995,000	37,425,000	3,005,000
Deferred amounts:					
Bond premium	8,090,194	1,030,186	3,888,054	5,232,326	439,325
Compensated absences	1,958,834	2,121,689	1,900,710	2,179,813	2,011,200
Total OPEB liability	38,248,474	5,715,251	-	43,963,725	-
Net pension liability(LGERS)	7,954,011	1,016,085	-	8,970,096	-
Total pension liability(LEO)	3,109,557	335,094	123,026	3,321,625	-
Governmental activity long-term liabilities	<u>\$ 173,058,431</u>	<u>\$ 10,218,305</u>	<u>\$ 71,204,076</u>	<u>\$ 112,072,660</u>	<u>\$ 7,357,810</u>
Business-type activities:					
<u>Utility Fund</u>					
Direct placement installment purchase	\$ 85,000	\$ -	\$ 85,000	\$ -	\$ -
Revenue bonds	48,470,000	-	6,960,000	41,510,000	3,340,000
Deferred amounts:					
Bond premium	1,869,908	2,084,263	406,164	3,548,007	316,563
Direct placement state revolving loan	7,462,655	-	556,877	6,905,778	569,239
Total OPEB liability	7,104,963	1,132,752	-	8,237,715	-
Net pension liability(LGERS)	1,303,730	168,035	-	1,471,765	-
Compensated absences	296,183	361,353	337,762	319,774	296,183
<u>Stormwater Fund</u>					
Net pension liability(LGERS)	58,683	10,502	-	69,185	-
Compensated absences	18,514	21,473	20,625	19,362	18,514
Business-type activity long-term liabilities	<u>\$ 66,669,636</u>	<u>\$ 3,778,378</u>	<u>\$ 8,366,428</u>	<u>\$ 62,081,586</u>	<u>\$ 4,540,499</u>

At June 30, 2020, the Town of Mooresville had a legal debt margin of \$557,675,378.

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.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

B. Liabilities (cont'd)

7. Long-Term Obligations (cont'd)

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

Mooreville Alcoholic Beverage Control Board					
	Balance			Balance	Current
	July 1, 2019	Increases	Decreases	June 30, 2020	Portion of
					Balance
Governmental activities:					
Total OPEB liability	\$ 329,963	\$ 47,526	\$ -	\$ 377,489	\$ -
Net pension liability	65,477	3,615	-	69,092	-
Governmental activities:					
Long-term liabilities	\$ 395,440	\$ 51,141	\$ -	\$ 446,581	\$ -

Mooreville Travel and Tourism Authority					
	Balance			Balance	Current
	June 30, 2019	Increases	Decreases	June 30, 2020	Portion of
					Balance
Governmental activities:					
Compensated absences	\$ 15,653	\$ 771	\$ -	\$ 16,424	\$ 2,229
Governmental activities:					
Long-term liabilities	\$ 15,653	\$ 771	\$ -	\$ 16,424	\$ 2,229

g. 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, 2020, \$7,685,000 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, 2020

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

B. Liabilities (cont'd)

7. Long-Term Obligations (cont'd)

h. Interfund Balances and Activity

Transfers from/to other funds at June 30, 2020, consist of the following:

Governmental Funds:

From the General Fund to the General Capital Reserve Fund - Fund Balance Policy threshold exceeded.	\$ 5,000,000
From the General Fund to the Home/Trust/CDBG Fund - Required 25 percent match for Home Program Funding	19,358
From the General Fund to the Home/Trust/CDBG Fund - Acceptance of FY2020 Home Grant Award	11,828
From Sanitation Capital Reserve Fund to General Fund - Sanitation Capital Equipment	416,919

Business Type Activities:

From the Utility Fund to the Utility Capital Projects Fund - Wiggins Road Forcemain and Pump Station Construction	7,403,326
From the Utility Fund to the Utility Capital Projects Fund - Design of High Pressure Pump Station at Water Treatment Plant II to facilitate pressure zone changes per study recommendations	300,000
From the Utility Capital Reserve Fund to the Utility Capital Projects Fund - Construction of the High Pressure Zone Booster Pump Station	1,600,000

Total	<u>\$ 14,751,431</u>
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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. Special Item

In December 2019, the Town sold MI Connection Communications System d/b/a Continuum for \$80,254,449. Outstanding principal debt in the amount of \$56,945,000 was paid off with proceeds from the sale. The Town of Mooresville also recovered from the Town of Davidson contributions in excess of its financial interest, in the amount of \$2,914,245.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

D. Net Investment in Capital Assets

	<u>Governmental Activities</u>	<u>Business-type Activities</u>
Net Capital Assets	\$ 122,489,250	\$ 141,189,810
Capital debt calculation:		
Total debt, gross	\$ 48,405,076	\$ 48,415,778
less: unexpended proceeds	10,555,731	191,864
add: unamortized liabilities		
related to capital debt	<u>5,232,326</u>	<u>3,548,007</u>
Total capital debt	<u>43,081,671</u>	<u>51,771,921</u>
Net investment in capital assets	<u><u>\$ 79,407,579</u></u>	<u><u>\$ 89,417,889</u></u>

E. 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	\$ 64,123,506
Less:	
Inventories	205,791
Perpetual Maintenance	70,400
Stabilization by State Statue	13,155,237
Streets-Powell Bill	930,971
Capital Reserve	7,628,980
Public Safety	137,615
Customer deposits	7,000
Supplemental Peg Channel Support	119,898
Unspent donation funds	17,677
Worker's compensation and other insurance	650,000
Appropriated Fund Balance in 2021 budget	-
Working Capital/Fund Balance Policy	14,168,704
Remaining Fund Balance	<u>27,031,233</u>

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 to maintain an unassigned fund balance of not less than 20% of the General Fund subsequent year's budgeted expenditures and outgoing transfers.

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

<u>Encumbrances</u>	<u>General Fund</u>	<u>Non-Major Funds</u>
	\$ 1,849,458	\$ 8,454,757

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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

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 one 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, 2020, the Town did not report revenues and expenditures for the payments of \$59,160 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, 2020. 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.

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.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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.

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, 2020 totaled \$65,838. 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.

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:	
2021	\$ 68,033
2022	68,033
2023	56,695
	<hr/>
	<u>\$ 192,761</u>

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. In December 2019, the outstanding principal balance of the Limited Obligation Bonds and installment financing contract in the amount of \$52,840,000 and \$4,105,000 respectively was paid off with proceeds from the sale of the cable television and internet access system.

The audited financial statements of MIC indicate that the agency incurred a change in net position of \$6,837,097 for the year ended June 30, 2020. The Agency has a deficit net position balance of (\$601,955) as of June 30, 2020.

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

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, 2020, the amount contributed by The Town of Mooresville in excess of its financial interest and due from the Town of Davidson is \$0.

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. One hundred, eleven and thirty-one tenths acres were sold as of June 30, 2020. SICDC has deferred payment of \$1,673,722 due to the Town for parcels sold as of June 30, 2020.

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 nine 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:	
2021	120,000
	<u>\$ 120,000</u>

TOWN OF MOORESVILLE
NOTES TO THE FINANCIAL STATEMENTS
For The Fiscal Year Ended June 30, 2020

NOTE 9 – SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS

A Public Hearing is scheduled for November 2, 2020 to adopt a Preliminary Resolution to issue \$30 million in Public Safety Limited Obligation Bonds. Proceeds from the bonds will fund an expansion to the Fleet Services building, a new Police Headquarters, Fire Station and Fire Training Center.

The global outbreak of COVID-19 (“COVID-19”), a respiratory disease declared to be a pandemic (The “Pandemic”) by the World Health Organization, is affecting the national capital markets and has caused significant disruption to the national and world economy. The threat from COVID-19 is being addressed on a national, federal, state, and local level in various forms, including executive orders and legislative actions.

The Town of Mooresville’s operations are heavily dependent on property taxes and state revenue distributions. At this stage, the impact of the Town’s financial position has not been significant.

The pandemic may have a continued material adverse impact on economic and market conditions, triggering a period of global economic slowdown. This was taken into consideration during the fiscal year 2021 budget process. The property tax collection percentage for fiscal year 2019-2020 was 99.32%. The fiscal year 2020-21 budget percentage was conservatively reduced to 98%. Sales tax revenue was also budgeted 29% or \$2.7 million below distributions received in fiscal year 2020. The fiscal year 2020-21 budget is balanced with current year revenues and does not required the use of appropriated fund balances.

The Town will continue to follow the various governmental policies and advice and, in parallel, will do its utmost to continue operations in the best and safest way possible without jeopardizing the health of our staff and citizens.

The exact impact of revenues in fiscal year 2021 and thereafter cannot be predicted.

Management has reviewed the financial statements as of October 16, 2020 the date the financial statements were available to be issued and determined that no other events occurred that required recording in the financial statements.

Mooresville ABC Board Subsequent Events

The extent of the impact of COVID-19 on the ABC Board’s operational and financial performance will depend on certain developments, including the duration and spread of the outbreak, impact on its customers, employee and vendors all of which are uncertain and cannot be predicted. At this point, the extent to which COVID-19 may impact the ABC Board’s financial condition or results of operations is uncertain.

In September of 2020 Mooresville ABC Board settled litigation originating during fiscal year 2021. The settlement will lead to Mooresville ABC Board paying \$80,000 during fiscal year 2021.

Subsequent events have been evaluated through September 29, 2020, which is the date the financial statements were available to be issued.





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 Seven Fiscal Years – Local Government Employees' Retirement System
- Town of Mooresville's Contributions – Last Seven 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 Seven Fiscal Years – Local Government Employees' Retirement System
- ABC Board's Contributions – Last Seven 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 Six Fiscal Years – Firefighters' and Rescue Squad Workers' Pension
- Town of Mooresville's & State Contributions – Last Six 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 SEVEN FISCAL YEARS***

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	2020	2019	2018	2017	2016	2015	2014
Town of Mooresville's proportion of the net pension liability (asset) (%)	0.38489%	0.39271%	0.39515%	0.37063%	0.40700%	0.40539%	0.39410%
Town of Mooresville's proportion of the net pension liability (asset) (\$)	\$ 10,511,046	\$ 9,316,424	\$ 6,036,797	\$ 7,866,010	\$ 1,826,592	\$ (2,390,773)	\$ 4,750,418
Town of Mooresville's covered payroll	\$ 24,384,979	\$ 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	43.10%	40.25%	27.23%	38.54%	9.31%	-12.55%	26.56%
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.47%	98.09%	102.64%	94.35%

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 2,373,019	\$ 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>2,373,019</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Mooresville's covered payroll	\$ 25,392,504	\$ 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	9.35%	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, 2020

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY

	2020	2019	2018	2017
Beginning balance	\$ 3,109,557	\$ 2,874,949	\$ 2,560,109	\$ 2,516,482
Service Cost	130,422	138,775	109,939	110,493
Interest on the total pension liability	110,949	88,788	96,522	88,208
Changes of benefit terms	-	-	-	-
Differences between expected and actual experience in the measurement of the total pension liability	(7,680)	266,151	53,841	-
Changes of assumptions and other inputs	101,403	(128,705)	173,631	(63,738)
Benefit payments	(123,026)	(130,401)	(119,093)	(91,336)
Other Changes	-	-	-	-
Ending balance of the total pension liability	<u>\$ 3,321,625</u>	<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, 2020

SCHEDULE OF TOTAL PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total pension liability	\$ 3,321,625	\$ 3,109,557	\$ 2,874,949	\$ 2,560,109
Covered payroll	5,152,648	4,966,061	4,508,360	4,231,434
Total pension liability as a percentage of covered payroll	64.46%	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, 2020**

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service Cost	\$ 1,637,351	\$ 2,180,797	\$ 2,529,372
Interest	1,752,452	1,851,348	1,660,130
Changes of benefit terms	-	-	-
Differences between expected and actual experience	22,466	(6,547,183)	(6,898)
Changes of assumptions	4,048,110	(3,845,355)	(6,764,658)
Benefit payments	<u>(612,376)</u>	<u>(575,658)</u>	<u>(560,414)</u>
Net change in total OPEB liability	6,848,003	(6,936,051)	(3,142,468)
 Total OPEB liability - beginning	 <u>45,353,437</u>	 <u>52,289,488</u>	 <u>55,431,956</u>
Total OPEB liability - ending	<u><u>\$ 52,201,440</u></u>	<u><u>\$ 45,353,437</u></u>	<u><u>\$ 52,289,488</u></u>
 Covered Payroll	 \$ 14,513,339	 \$ 14,513,339	 \$ 15,589,862
Total OPEB liability as a percentage of covered payroll	359.68%	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>
2020	3.50%
2019	3.89%
2018	3.56%

* Covered payroll value is the same due to biennial actuarial valuation of the Plan as of June 30, 2018.

TOWN OF MOORESVILLE, NORTH CAROLINA

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

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
ABC Board's proportion of the net pension liability (asset) (%)	0.00253%	0.00276%	0.00306%	0.00339%	0.00327%	0.00344%	0.00344%
ABC Board's proportion of the net pension liability (asset) (\$)	\$ 69,092	\$ 65,477	\$ 46,749	\$ 71,498	\$ 14,676	\$ (20,287)	\$ (20,287)
ABC Board's covered payroll	\$ 273,049	\$ 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	25.30%	25.74%	18.80%	28.69%	6.73%	(10.12%)	(9.99%)
Plan fiduciary net position as a percentage of the total pension liability**	90.86%	91.63%	94.18%	91.45%	98.09%	102.64%	94.53%

* 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 SEVEN FISCAL YEARS***

LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 27,228	\$ 22,389	\$ 19,624	\$ 18,275	\$ 16,846	\$ 15,425	\$ 14,172
Contributions in relation to the contractually required contribution	<u>27,228</u>	<u>22,389</u>	<u>19,624</u>	<u>18,275</u>	<u>16,846</u>	<u>15,425</u>	<u>14,172</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
ABC Board's covered payroll	\$ 280,626	\$ 273,049	\$ 254,337	\$ 248,636	\$ 249,204	\$ 218,179	\$ 200,450
Contributions as a percentage of covered payroll	9.70%	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, 2020**

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Total OPEB Liability			
Service Cost	\$ 9,669	\$ 10,278	\$ 11,667
Interest	12,836	11,676	10,290
Differences between expected and actual experience	23,850	-	-
Changes of assumptions	1,171	(19,967)	(35,829)
Benefit payments	-	-	-
Net change in total OPEB liability	<u>47,526</u>	<u>1,987</u>	<u>(13,872)</u>
 Total OPEB liability - beginning	 329,963	 327,976	 341,848
Total OPEB liability - ending	<u><u>\$ 377,489</u></u>	<u><u>\$ 329,963</u></u>	<u><u>\$ 327,976</u></u>
 Covered Payroll	 \$ 267,000	 \$ 232,852	 \$ 232,852
Total OPEB liability as a percentage of covered payroll	141.38%	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%
2020	3.50%

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

FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION

	<u>2020</u>	<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%	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>79,510</u>	<u>108,670</u>	<u>97,150</u>	<u>68,776</u>	<u>61,534</u>	<u>50,622</u>
Total	<u>\$ 79,510</u>	<u>\$ 108,670</u>	<u>\$ 97,150</u>	<u>\$ 68,776</u>	<u>\$ 61,534</u>	<u>\$ 50,622</u>
Town of Mooresville's covered payroll	\$ 5,361,305	\$ 5,080,808	\$ 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	1.48%	2.14%	1.99%	1.50%	1.42%	1.20%
Plan fiduciary net position as a percentage of the total pension liability **	92.43%	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 SIX FISCAL YEARS***

FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contribution	\$ 47,116	\$ 48,103	\$ 43,310	\$ 35,033	\$ 33,579	\$ 34,424
Contributions in relation to the contractually required contribution	<u>47,116</u>	<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>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Mooresville's covered payroll	\$ 5,446,444	\$ 5,361,305	\$ 5,080,808	\$ 4,883,904	\$ 4,596,698	\$ 4,337,747
Contributions as a percentage of covered payroll	0.87%	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.



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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Ad Valorem taxes:			
Current year, net of refunds	\$ 43,050,000	\$ 43,973,138	\$ 923,138
Current year, net of refunds (special district)	-	80,255	80,255
Interest	125,000	124,568	(432)
Total	43,175,000	44,177,961	1,002,961
Other taxes and licenses:			
Gross receipts	120,000	167,096	47,096
Total	120,000	167,096	47,096
Unrestricted intergovernmental:			
Payments in lieu of taxes (external sources)	29,600	33,701	4,101
Reimbursement from joint agency	9,160,846	5,088,766	(4,072,080)
Telecommunications sales tax	109,333	121,513	12,180
Utilities sales tax	3,166,792	3,519,592	352,800
Piped natural gas sales tax	124,773	138,673	13,900
Video programming sales tax	149,103	165,714	16,611
Local option sales tax	10,300,000	12,126,304	1,826,304
Beer and wine tax	170,000	177,440	7,440
Cable TV franchise	16,000	15,740	(260)
District court fee	20,000	16,030	(3,970)
ABC profit distribution	500,000	700,000	200,000
Total	23,746,446	22,103,473	(1,642,973)
Restricted intergovernmental:			
Police grants	460,962	339,546	(121,416)
Library grants	1,332,557	1,385,893	53,336
Development services grants	76,750	19,829	(56,921)
NCDOT reimbursement	64,000	86,624	22,624
Solid waste disposal	25,000	31,220	6,220
ABC revenue for law enforcement	65,000	96,124	31,124
ABC revenue for recreation	400,000	500,000	100,000
Total	2,424,269	2,459,236	34,967
Permits and fees:			
Police	336,951	292,339	(44,612)
Fire	327,858	446,928	119,070
Zoning fees and charges	130,000	174,693	44,693
Engineering fees and charges	142,000	91,338	(50,662)
Total	936,809	1,005,298	68,489

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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
Sales and services:			
Cemetery	108,500	156,391	47,891
Library	93,100	70,506	(22,594)
Sanitation	1,101,000	1,245,857	144,857
Street	40,000	22,028	(17,972)
Recreation	1,085,722	838,031	(247,691)
Golf operations	1,754,000	1,787,598	33,598
Total	4,182,322	4,120,411	(61,911)
Investment earnings	800,000	1,153,441	353,441
Miscellaneous	254,532	362,475	107,943
Total revenues	75,639,378	75,549,391	(89,987)
EXPENDITURES			
General government:			
General administration			
Salaries and employee benefits	3,638,235	3,280,042	358,193
Operating expenditures	826,795	517,715	309,080
Professional services	20,061,268	3,617,393	16,443,875
Payment to joint agencies	2,623,800	2,623,800	-
Economic development	7,907,384	6,493,750	1,413,634
Workers compensation/other insurance	1,498,000	1,429,020	68,980
Capital outlay	31,473	22,980	8,493
Reimbursement - proprietary funds	(1,500,929)	(1,500,929)	-
Total	35,086,026	16,483,771	18,602,255
Technology and Innovation			
Salaries and employee benefits	834,639	820,001	14,638
Operating expenditures	2,779,569	2,625,201	154,368
Professional services	445,091	393,759	51,332
Capital outlay	600,984	419,996	180,988
Reimbursement - proprietary funds	(261,365)	(261,365)	-
Total	4,398,918	3,997,592	401,326
Planning and Community Development			
Salaries and employee benefits	958,263	860,538	97,725
Operating expenditures	107,541	60,876	46,665
Professional services	372,218	164,334	207,884
Capital outlay	33,759	33,293	466
Total	1,471,781	1,119,041	352,740

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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
Engineering			
Salaries and employee benefits	702,439	693,446	8,993
Operating expenditures	63,000	59,384	3,616
Professional services	3,200	2,737	463
Capital outlay	142,450	120,078	22,372
Reimbursement - proprietary funds	(395,499)	(395,499)	-
Total	515,590	480,146	35,444
Public service			
Salaries and employee benefits	435,519	433,011	2,508
Operating expenditures	149,205	129,103	20,102
Professional services	31,183	29,633	1,550
Reimbursement - proprietary funds	(132,697)	(132,697)	-
Total	483,210	459,050	24,160
Facility Maintenance			
Salaries and employee benefits	416,865	376,022	40,843
Operating expenditures	334,841	318,788	16,053
Professional services	205	255	(50)
Capital outlay	40,800	40,747	53
Total	792,711	735,812	56,899
Total general government	42,748,236	23,275,412	19,472,824
Public safety:			
Police			
Salaries and employee benefits	9,483,683	8,828,678	655,005
Operating expenditures	1,496,394	1,238,329	258,065
Professional services	257,957	201,138	56,819
Capital outlay	2,463,685	1,875,051	588,634
Total	13,701,719	12,143,196	1,558,523
Fire			
Salaries and employee benefits	7,954,608	7,839,778	114,830
Operating expenditures	1,258,294	1,096,611	161,683
Professional services	365,099	336,697	28,402
Capital outlay	1,672,200	1,488,680	183,520
Reimbursement - proprietary funds	(25,000)	(25,000)	-
Total	11,225,201	10,736,766	488,435
Total public safety	24,926,920	22,879,962	2,046,958

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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
Transportation:			
Streets and highways			
Salaries and employee benefits	1,341,478	1,254,839	86,639
Operating expenditures	554,750	509,649	45,101
Professional services	157,000	140,626	16,374
Capital outlay	669,286	404,982	264,304
Reimbursement - proprietary funds	(46,602)	(46,602)	-
Total	2,675,912	2,263,494	412,418
Fleet maintenance			
Salaries and employee benefits	710,136	664,796	45,340
Operating expenditures	98,700	78,654	20,046
Professional services	160,400	156,183	4,217
Capital outlay	159,100	120,008	39,092
Reimbursement - proprietary funds	(180,167)	(180,167)	-
Total	948,169	839,474	108,695
Total transportation	3,624,081	3,102,968	521,113
Environmental protection:			
Sanitation			
Salaries and employee benefits	1,343,682	1,228,279	115,403
Operating expenditures	530,070	471,284	58,786
Professional services	22,130	20,545	1,585
Capital outlay	490,000	416,919	73,081
Total environmental protection	2,385,882	2,137,027	248,855
Cultural and recreation:			
Parks and recreation			
Salaries and employee benefits	2,258,473	2,084,190	174,283
Operating expenditures	1,349,127	939,953	409,174
Professional services	1,649,769	1,065,786	583,983
Capital outlay	692,978	528,142	164,836
Total	5,950,347	4,618,071	1,332,276
Citizen center			
Salaries and employee benefits	593,251	498,555	94,696
Operating expenditures	450,797	370,210	80,587
Professional services	150,779	89,668	61,111
Capital outlay	165,770	165,589	181
Total	1,360,597	1,124,022	236,575

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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
Golf course			
Salaries and employee benefits	872,832	843,346	29,486
Operating expenditures	664,207	568,038	96,169
Professional services	194,642	153,085	41,557
Capital outlay	101,000	96,422	4,578
Total	<u>1,832,681</u>	<u>1,660,891</u>	<u>171,790</u>
Library			
Salaries and benefits	1,834,861	1,719,302	115,559
Operating expenditures	801,966	666,499	135,467
Professional services	69,436	47,445	21,991
Capital outlay	315,082	293,376	21,706
Total	<u>3,021,345</u>	<u>2,726,622</u>	<u>294,723</u>
Total cultural and recreation	<u>12,164,970</u>	<u>10,129,606</u>	<u>2,035,364</u>
Debt service:			
Principal retirement	65,842,287	65,292,285	550,002
Interest and fees	6,601,717	5,416,031	1,185,686
Total debt service	<u>72,444,004</u>	<u>70,708,316</u>	<u>1,735,688</u>
Total expenditures	<u>158,294,093</u>	<u>132,233,291</u>	<u>26,060,802</u>
Total revenues over (under) expenditures	<u>(82,654,715)</u>	<u>(56,683,900)</u>	<u>25,970,815</u>
Other financing sources (uses):			
Transfers from other funds:			
Capital reserve fund - Sanitation	490,000	416,919	(73,081)
Transfers to other funds:			
Home/Trust/CDBG fund	(31,186)	(31,186)	-
Capital reserve fund	(5,000,000)	(5,000,000)	-
Sale of capital assets	-	64,483	64,483
Total other financing sources (uses):	<u>(4,541,186)</u>	<u>(4,549,784)</u>	<u>(8,598)</u>
Special item:			
Proceeds from sale of MI Connection communications system	80,000,000	80,254,449	254,449
Fund balance appropriated	<u>7,195,901</u>	<u>-</u>	<u>(7,195,901)</u>
Net change in fund balances	<u>\$ -</u>	<u>19,020,765</u>	<u>\$ 19,020,765</u>
Fund balance:			
Beginning of year		36,542,790	
End of year		<u>\$ 55,563,555</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, 2020

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Solid waste fee	\$ 490,000	\$ 500,000	\$ 10,000
Total revenues	<u>490,000</u>	<u>500,000</u>	<u>10,000</u>
EXPENDITURES			
Other financing sources (uses)			
Transfers to other funds:			
General fund	(490,000)	(416,919)	73,081
Total other financing sources (uses)	<u>(490,000)</u>	<u>(416,919)</u>	<u>73,081</u>
Net change in fund balance	<u>\$ -</u>	83,081	<u>\$ 83,081</u>
Fund balance:			
Beginning of year		76,212	
End of year		<u>\$ 159,293</u>	

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, 2020

	Final Budget	Actual	Variance Favorable (Unfavorable)
EXPENDITURES			
Capital Outlay	\$ 5,000,000	\$ -	\$ 5,000,000
Total expenditures	<u>5,000,000</u>	<u>-</u>	<u>5,000,000</u>
Other financing sources (uses)			
Transfers from other funds:			
General fund	5,000,000	5,000,000	-
Total other financing sources (uses)	<u>5,000,000</u>	<u>5,000,000</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	5,000,000	<u>\$ 5,000,000</u>
Fund balance:			
Beginning of year		<u>2,469,687</u>	
End of year		<u>\$ 7,469,687</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, 2020

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Powell Bill distribution	\$ 1,000,000	\$ 1,040,025	\$ 40,025
Interest income	2,400	11,994	9,594
Total revenues	<u>1,002,400</u>	<u>1,052,019</u>	<u>49,619</u>
EXPENDITURES			
Operating expenditures	242,400	174,804	67,596
Capital outlay	760,000	745,817	14,183
Total expenditures	<u>1,002,400</u>	<u>920,621</u>	<u>81,779</u>
 Net change in fund balance	 <u><u>\$ -</u></u>	 131,398	 <u><u>\$ 131,398</u></u>
 Fund balance:			
Beginning of year		<u>799,573</u>	
End of year		<u><u>\$ 930,971</u></u>	





Non-Major Governmental Funds

The Capital Projects Fund is used to account for streets and sidewalk improvements, recreational center improvements, greenway design and park improvements.

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
COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
For the Year Ended June 30, 2020

	Capital Projects Fund	Home/Trust/CDBG Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ 6,002,318	\$ -	\$ 6,002,318
Restricted cash and cash equivalents	-	643,700	643,700
Due from other governments	2,464,069	-	2,464,069
	<u>8,466,387</u>	<u>643,700</u>	<u>9,110,087</u>
Total assets	<u>8,466,387</u>	<u>643,700</u>	<u>9,110,087</u>
LIABILITIES AND FUND BALANCES			
Liabilities:			
Payable from restricted assets	1,001,178	-	1,001,178
Fund balances:			
Committed	7,465,209	-	7,465,209
Restricted	-	640,377	640,377
Total other financing sources	7,465,209	640,377	8,105,586
Total liabilities and fund balances	<u>\$ 8,466,387</u>	<u>\$ 640,377</u>	<u>\$ 9,106,764</u>

TOWN OF MOORESVILLE, NORTH CAROLINA
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2020

	Capital Projects Fund	Home/Trust/CDBG Fund	Total Nonmajor Governmental Funds
REVENUES			
Restricted intergovernmental	\$ 2,624,226	\$ 182,905	\$ 2,807,131
Investment earnings	227,141	-	227,141
Total revenues	<u>2,851,367</u>	<u>182,905</u>	<u>3,034,272</u>
EXPENDITURES			
Economic Development	-	25,750	(25,750)
Capital outlay	10,627,898	-	10,627,898
Total expenditures	<u>10,627,898</u>	<u>25,750</u>	<u>10,653,648</u>
Total revenues over (under) expenditures	<u>(7,776,531)</u>	<u>157,155</u>	<u>(7,619,376)</u>
OTHER FINANCING SOURCES			
Transfer from General Fund	-	31,186	31,186
Total other financing sources	<u>-</u>	<u>31,186</u>	<u>31,186</u>
Net change in fund balance	(7,776,531)	188,341	(7,588,190)
Fund balance:			
Beginning of year	15,241,740	452,036	15,693,776
End of year	<u>\$ 7,465,209</u>	<u>\$ 640,377</u>	<u>\$ 8,105,586</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, 2020

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
REVENUES					
Restricted intergovernmental:					
Investment earnings	\$ 556,013	\$ 370,010	\$ 227,141	\$ 597,151	\$ 41,138
CMAQ and discretionary funding	15,845,185	1,606,175	2,124,226	3,730,401	(12,114,784)
PARTF Grant	500,000	-	500,000	500,000	-
Miscellaneous	253,000	88,500	-	88,500	(164,500)
Total revenues	17,154,198	2,064,685	2,851,367	4,916,052	(12,238,146)
EXPENDITURES					
Administration expenses	350,414	402,898	-	402,898	(52,484)
Cultural and recreational:					
Liberty Park	2,518,824	1,058,639	1,420,043	2,478,682	40,142
Liberty Park Phase II	315,000	-	-	-	315,000
Selma Burke Center renovation	4,509,080	2,615,159	1,843,853	4,459,012	50,068
Dye Creek Greenway	4,857,000	266,558	32,887	299,445	4,557,555
Cornelius Road Park Phase 2	204,110	101,356	98,911	200,267	3,843
Streets and sidewalks:					
NC 115/NC 150 intersection improvements	2,609,884	1,381,113	643,929	2,025,042	584,842
Mooreville School network sidewalk	5,986,750	366,197	1,856,366	2,222,563	3,764,187
Faith Road/NC 115 improvements	3,331,256	582,266	264,925	847,191	2,484,065
NC 801/ NC 150 improvements	4,951,483	991,958	1,539,482	2,531,440	2,420,043
Mill Village Street improvements	2,504,084	1,716,557	637,199	2,353,756	150,328
West Wilson Avenue improvements	637,595	465,060	97,956	563,016	74,579
West McLelland Avenue improvements	3,702,745	1,243,324	2,192,347	3,435,671	267,074
Street Bonds - 2019	5,044,113	-	-	-	5,044,113
Total expenditures	41,522,338	11,191,085	10,627,898	21,818,983	19,703,355
Revenues under expenditures	(24,368,140)	(9,126,400)	(7,776,531)	(16,902,931)	7,465,209
OTHER FINANCING SOURCES (USES)					
Issuance of 2015 General Obligation Bonds	10,873,515	10,873,515	-	10,873,515	-
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	-
Transfer from General Capital Reserve Fund	1,530,313	1,530,313	-	1,530,313	-
Transfer from General Fund	981,877	981,877	-	981,877	-
Total other financing sources (uses)	24,368,140	24,368,140	-	24,368,140	-
Net change in fund balance	\$ -	\$ 15,241,740	(7,776,531)	\$ 7,465,209	\$ 7,465,209
Fund balance:					
Beginning of year			15,241,740		
End of year			\$ 7,465,209		

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, 2020

	Project		Actual		Variance
	Authorization	Prior Years	Current Year	Total to Date	Favorable (Unfavorable)
REVENUES					
Restricted intergovernmental:					
Home Funds 14-15	\$ 97,448	\$ 60,374	\$ -	\$ 60,374	\$ (37,074)
Home Funds 16-17	82,517	56,785	15,000	71,785	(10,732)
Home Funds 17-18	101,545	5,748	-	5,748	(95,797)
Home Funds 18-19	142,547	6,622	-	6,622	(135,925)
Home Funds 19-20	132,227	-	-	-	(132,227)
Program Income	36,000	468,113	167,905	636,018	600,018
Total revenues	592,284	597,642	182,905	780,547	188,263
EXPENDITURES					
Economic development:					
Home Projects	606,220	129,529	18,750	148,279	457,941
CDBG Projects	319,229	89,348	7,000	96,348	222,881
Total expenditures	925,449	218,877	25,750	244,627	680,822
Revenues over (under) expenditures	(333,165)	378,765	157,155	535,920	869,085
OTHER FINANCING SOURCES					
Transfer from General Fund	104,457	73,271	31,186	104,457	-
Appropriated Fund Balance	228,708	-	-	-	(228,708)
Total other financing sources	333,165	73,271	31,186	104,457	(228,708)
Revenues and other sources over expenditures	\$ -	\$ 452,036	188,341	\$ 640,377	\$ 640,377
Fund balance:					
Beginning of year			452,036		
End of year			\$ 640,377		





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, stormwater 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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Operating Revenues:			
Charges for services			
Water sales	\$ 10,468,605	\$ 11,351,675	\$ 883,070
Sewer charges	12,030,026	12,284,874	254,848
Water and sewer taps	150,000	287,204	137,204
Penalties	105,000	85,465	(19,535)
Fees	630,000	945,209	315,209
Miscellaneous	627,615	2,177,369	1,549,754
Total operating revenues	24,011,246	27,131,796	3,120,550
Nonoperating Revenues:			
Interest on investments	40,000	72,979	32,979
Total nonoperating revenues	40,000	72,979	32,979
Total revenues	24,051,246	27,204,775	3,153,529
EXPENDITURES			
Water and Sewer Administration:			
Salaries and employee benefits	4,196,672	4,020,404	176,268
Professional services	2,585,925	916,924	1,669,001
Operating expenditures	1,750,271	1,504,807	245,464
Repairs and maintenance	2,112,892	1,322,093	790,799
Total water and sewer administration	10,645,760	7,764,228	2,881,532
Water Treatment:			
Salaries and employee benefits	1,186,477	1,160,450	26,027
Professional services	512,313	378,396	133,917
Operating expenditures	737,850	669,247	68,603
Repairs and maintenance	318,500	222,525	95,975
Total water treatment	2,755,140	2,430,618	324,522
Wastewater Treatment:			
Salaries and employee benefits	1,388,404	1,316,055	72,349
Professional services	121,600	87,964	33,636
Operating expenditures	1,346,760	1,204,628	142,132
Repairs and maintenance	845,900	546,899	299,001
Total wastewater treatment	3,702,664	3,155,546	547,118
Debt Service:			
Principal retirement	3,696,877	3,196,877	500,000
Interest and other charges	2,441,963	2,251,403	190,560
Bond issue costs	292,881	290,903	1,978
Total debt service	6,431,721	5,739,183	692,538

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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
Capital outlay	3,296,949	2,385,133	911,816
Total expenditures	26,832,234	21,474,708	5,357,526
Revenues over expenditures	(2,780,988)	5,730,067	8,511,055
Other Financing Sources (Uses):			
Transfers to other funds			
Utility Capital Projects fund	(7,703,326)	(7,703,326)	-
Refunding financing proceeds	17,077,257	14,075,000	(3,002,257)
Premium on refunded financing	2,084,262	2,084,262	-
Payment to refunded financing escrow agent	(19,273,638)	(18,868,047)	405,591
Fund balance appropriated	10,596,433	-	(10,596,433)
Total other financing sources (uses)	2,780,988	(10,412,111)	(13,193,099)
Revenues and other sources over expenditures and other uses	\$ -	\$ (4,682,044)	\$ (4,682,044)
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Total revenues and transfers in		\$ 27,204,775	
Total expenditures and transfers out		<u>31,886,819</u>	
Revenues and other financing sources over expenditures and other financing uses		<u>(4,682,044)</u>	
Revenues and other financing sources under expenditures and other financing uses -			
Utility Capital Reserve Fund		5,559,492	
Utility Capital Projects Fund		7,261,825	
Reconciling items:			
Payment on debt principal		3,196,877	
Reduction of debt principal - refunding		4,405,000	
Change in accrued interest		112,407	
Capital outlay		4,462,482	
Sale of capital assets		(35,848)	
Deferred bond premium		(1,678,099)	
Payroll accrual		(23,591)	
Increase in OPEB liability		(1,132,752)	
Increase in deferred outflows of resources - OPEB		595,411	
Decrease in deferred inflows of resources - OPEB		342,190	
Decrease in deferred outflows of resources - pensions		(138,787)	
Increase in net pension liability		(168,035)	
Increase in deferred inflows of resources - pensions		<u>7,063</u>	
Total reconciling items		9,944,318	
Depreciation		<u>(4,649,215)</u>	
Change in net position		<u>\$ 13,434,376</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, 2020

	Project Authorization	Prior Years	Actual Current Year	Total to Date	Variance 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	3,588,403	257,870	3,846,273	207,311
Mill Village upgrades	4,406,505	2,897,975	392,224	3,290,199	1,116,306
Raw water lines	3,098,700	2,962,972	-	2,962,972	135,728
42 inch sewer line extension	4,034,631	3,511,098	72,017	3,583,115	451,516
Mill Village stormwater improvements	1,073,285	918,136	83,780	1,001,916	71,369
Northside force main	8,801,296	381,750	785,280	1,167,030	7,634,266
Langtree Road/I-77 sewer project	2,358,281	1,944,005	143,023	2,087,028	271,253
Booster Pump Station	1,900,000	-	307,307	307,307	1,592,693
	29,726,282	16,204,339	2,041,501	18,245,840	11,480,442
Revenues (under) expenditures	(29,726,282)	(16,188,023)	(2,041,501)	(18,229,524)	11,496,758
OTHER FINANCING SOURCES (USES)					
Transfer from Stormwater Fund	1,098,969	1,098,969	-	1,098,969	-
Transfer from Utility Fund	27,027,313	19,323,987	7,703,326	27,027,313	-
Transfer from Utility Capital Reserve	1,600,000	-	1,600,000	1,600,000	-
Total other financing sources (uses)	29,726,282	20,422,956	9,303,326	29,726,282	-
Revenues and other financial sources over (under) expenditures and other uses	\$ -	\$ 4,234,933	\$ 7,261,825	\$ 11,496,758	\$ 11,496,758

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, 2020

	Final Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
System development fees	\$ 3,735,000	\$ 7,159,492	\$ 3,424,492
Total revenues	<u>3,735,000</u>	<u>7,159,492</u>	<u>3,424,492</u>
EXPENDITURES			
Capital outlay	3,735,000	-	3,735,000
Total expenditures	<u>3,735,000</u>	<u>-</u>	<u>3,735,000</u>
Other financing sources (uses)			
Transfers to other funds:			
Utility Capital Project Fund	(1,600,000)	(1,600,000)	-
Total other financing sources (uses)	<u>(1,600,000)</u>	<u>(1,600,000)</u>	<u>-</u>
Fund balance appropriated	<u>1,600,000</u>	<u>-</u>	<u>(1,600,000)</u>
Net change in fund balance	<u>\$ -</u>	<u>5,559,492</u>	<u>\$ 5,559,492</u>
Fund balance:			
Beginning of year		11,766,830	
End of year		<u>\$ 17,326,322</u>	





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, 2020

	Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Operating revenues:			
Charges for services			
Stormwater fee	\$ 1,529,542	\$ 1,809,909	\$ 280,367
Miscellaneous	-	101,223	101,223
Total revenues	<u>1,529,542</u>	<u>1,911,132</u>	<u>381,590</u>
EXPENDITURES			
Stormwater Administration:			
Salaries and employee benefits	586,642	489,922	96,720
Professional services	54,500	43,799	10,701
Operating expenditures	70,675	67,969	2,706
Repairs and maintenance	39,925	33,165	6,760
Total Stormwater administration	<u>751,742</u>	<u>634,855</u>	<u>116,887</u>
Capital outlay	<u>963,666</u>	<u>259,114</u>	<u>704,552</u>
Total expenditures	<u>1,715,408</u>	<u>893,969</u>	<u>821,439</u>
Revenues over expenditures	<u>(185,866)</u>	<u>1,017,163</u>	<u>1,203,029</u>
Other Financing Sources (Uses):			
Fund balance appropriated	<u>185,866</u>	<u>-</u>	<u>(185,866)</u>
Revenues and other sources over expenditures and other uses	<u>\$ -</u>	<u>\$ 1,017,163</u>	<u>\$ 1,017,163</u>

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

Total revenues and transfers in	\$ 1,911,132
Total expenditures and transfers out	<u>(893,969)</u>
Revenues and other financing sources over expenditures and other financing uses	<u>1,017,163</u>
Reconciling items:	
Capital outlay	259,114
Payroll accrual	(848)
Decrease in deferred outflows of resources - pensions	(8,674)
Increase in net pension liability	(10,502)
Increase in deferred inflows of resources - pensions	<u>441</u>
Total reconciling items	239,531
Depreciation	<u>(210,595)</u>
Change in net position	<u>\$ 1,046,099</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, 2020

	Balance June 30, 2019	Additions	Deductions	Balance June 30, 2020
Travel & Tourism				
Assets:				
Cash and cash equivalents	\$ 217,388	\$ 888,133	\$ 1,057,699	\$ 47,822
Accounts receivable	105,326	39,396	105,326	39,396
	<u>\$ 322,714</u>	<u>\$ 927,529</u>	<u>\$ 1,163,025</u>	<u>\$ 87,218</u>
Liabilities:				
Intergovernmental payable	322,714	803,989	1,039,485	87,218
	<u>\$ 322,714</u>	<u>\$ 803,989</u>	<u>\$ 1,039,485</u>	<u>\$ 87,218</u>
ABC Revenue				
Assets:				
Cash and cash equivalents	\$ -	\$ 760,644	\$ 760,644	\$ -
Accounts receivable	200,644	240,000	200,644	240,000
	<u>\$ 200,644</u>	<u>\$ 1,000,644</u>	<u>\$ 961,288</u>	<u>\$ 240,000</u>
Liabilities:				
Intergovernmental payable	200,644	800,000	760,644	240,000
	<u>\$ 200,644</u>	<u>\$ 800,000</u>	<u>\$ 760,644</u>	<u>\$ 240,000</u>
Totals - All Agency Funds				
Assets:				
Cash and cash equivalents	\$ 217,388	\$ 1,648,777	\$ 1,818,343	\$ 47,822
Accounts receivable	305,970	279,396	305,970	279,396
	<u>\$ 523,358</u>	<u>\$ 1,928,173</u>	<u>\$ 2,124,313</u>	<u>\$ 327,218</u>
Liabilities:				
Intergovernmental payable	523,358	1,603,989	1,800,129	327,218
	<u>\$ 523,358</u>	<u>\$ 1,603,989</u>	<u>\$ 1,800,129</u>	<u>\$ 327,218</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, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 44,000,768	\$ 43,699,468	\$ 301,300
2018-2019	296,672	-	192,254	104,418
2017-2018	105,855	-	52,936	52,919
2016-2017	86,195	-	28,575	57,620
2015-2016	143,004	-	9,789	133,215
2014-2015	49,454	-	9,355	40,099
2013-2014	65,377	-	5,098	60,279
2012-2013	93,275	-	2,522	90,753
2011-2012	110,933	-	2,349	108,584
2010-2011	102,120	-	2,584	99,536
2009-2010	114,153	-	114,153	-
Totals	<u>\$ 1,167,038</u>	<u>\$ 44,000,768</u>	<u>\$ 44,119,083</u>	<u>1,048,723</u>

Less: Allowance for uncollectible accounts:

General Fund (350,111)

Ad Valorem taxes receivable - net \$ 698,612

Reconciliation with revenues:

Ad Valorem taxes - General Fund \$ 44,097,706

Reconciling items:

NC VTS fees 31,792

Interest collected (124,568)

Taxes written off - state statute 114,153

Total collections and credits \$ 44,119,083

TOWN OF MOORESVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
TOWN-WIDE LEVY
For The Fiscal Year Ended June 30, 2020

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 7,576,005,677	0.58	\$ 43,927,022	\$ 40,954,062	\$ 2,972,960
Penalties	-		27,535	27,535	-
Total	7,576,005,677	0.58	43,954,557	40,981,597	2,972,960
Discoveries:					
Current year taxes	27,193,576	0.58	157,723	157,723	-
Penalties	-		19,557	19,557	-
Total	27,193,576		177,280	177,280	-
Abatements	(22,415,221)		(131,069)	(131,069)	-
Total property valuation	<u>\$ 7,580,784,032</u>				
Net levy			44,000,768	41,027,808	2,972,960
Unpaid (by taxpayers) taxes at June 30, 2020			(301,300)	(276,829)	(24,471)
Current year's taxes collected			<u>\$ 43,699,468</u>	<u>\$ 40,750,979</u>	<u>\$ 2,948,489</u>
Current levy collection percentage			<u>99.32%</u>	<u>99.33%</u>	<u>99.18%</u>

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF AD VALOREM TAXES RECEIVABLE
MOORESVILLE DOWNTOWN SPECIAL TAX DISTRICT
June 30, 2020

Fiscal Year	Uncollected Balance June 30, 2019	Additions	Collections And Credits	Uncollected Balance June 30, 2020
2019-2020	\$ -	\$ 79,889	\$ 79,171	\$ 718
2018-2019	1,034	-	665	369
2017-2018	428	-	111	317
2016-2017	548	-	48	500
2015-2016	595	-	5	590
2014-2015	471	-	93	378
2013-2014	440	-	-	440
2012-2013	367	-	199	168
2011-2012	520	-	7	513
2010-2011	613	-	6	607
2009-2010	3,039	-	3,039	-
Totals	<u>\$ 8,055</u>	<u>\$ 79,889</u>	<u>\$ 83,344</u>	<u>4,600</u>

Less: Allowance for uncollectible accounts:

General Fund (2,416)

Ad Valorem taxes receivable - net \$ 2,184

Reconciliation with revenues:

Ad Valorem taxes - Mooresville Downtown District \$ 80,255

Reconciling items:

NC VTS fees 376
Interest and penalties (326)
Taxes written off 3,039

Total collections and credits \$ 83,344

**TOWN OF MOORESVILLE, NORTH CAROLINA
ANALYSIS OF CURRENT TAX LEVY
MOORESVILLE DOWNTOWN SPECIAL TAX DISTRICT
For The Fiscal Year Ended June 30, 2020**

	Mooreville Downtown			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 49,683,650	0.16	\$ 79,481	\$ 74,291	\$ 5,190
Penalties	-		157	157	-
Total	49,683,650	0.16	79,638	74,448	5,190
Discoveries:					
Current year taxes	226,969	0.16	363	363	-
Penalties	-		96	96	-
Total	226,969		459	459	-
Abatements	(129,969.00)		(208)	(208)	-
Total property valuation	<u>\$ 49,780,650</u>				
Net levy			79,889	74,699	5,190
Unpaid (by taxpayer) taxes at June 30, 2020			(718)	(696)	(22)
Current year's taxes collected			<u>\$ 79,171</u>	<u>\$ 74,003</u>	<u>\$ 5,168</u>
Current levy collection percentage			<u>99.10%</u>	<u>99.07%</u>	<u>99.57%</u>



TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF TRANSFERS
June 30, 2020

	Transfers	
	From	To
Transfers From/To Other Funds		
Sanitation capital reserve fund	\$ 416,919	\$ -
General capital reserve fund	-	5,000,000
General capital projects fund	-	-
Utility capital reserve fund	1,600,000	-
Utility capital projects fund	-	9,303,326
Home/Trust/CDBG fund	-	31,186
General fund	5,031,186	416,919
Utility fund	7,703,326	-
Total transfers from/to other funds	<u>\$ 14,751,431</u>	<u>\$ 14,751,431</u>





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.....	156
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	167
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.....	180
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.....	188
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	192
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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
GOVERNMENTAL ACTIVITIES NET POSITION										
Net investment in capital assets	\$ 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	\$ 79,407,579
Restricted	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	22,637,755
Unrestricted	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)	(20,034,661)
Total governmental activities net position, as restated	\$ 53,342,190	\$ 54,428,065	\$ 52,967,619	\$ 52,128,890	\$ 54,537,552	\$ 57,309,079	\$ 55,455,984	\$ 32,343,976	\$ 43,308,088	\$ 82,010,673
BUSINESS-TYPE ACTIVITIES NET POSITION										
Net investment in capital assets	\$ 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	\$ 89,417,889
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	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	53,937,727
Total business-type activities net position, as restated	\$ 72,015,576	\$ 79,960,812	\$ 87,553,275	\$ 92,581,734	\$ 96,441,786	\$ 104,156,685	\$ 113,350,194	\$ 117,980,584	\$ 128,875,141	\$ 143,355,616
PRIMARY GOVERNMENT NET POSITION										
Net investment in capital assets	\$ 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	\$ 168,825,468
Restricted	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	22,637,755
Unrestricted	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	33,903,066
Total primary government net position, as restated	\$ 125,357,766	\$ 134,388,877	\$ 140,520,894	\$ 144,710,624	\$ 150,979,338	\$ 161,465,764	\$ 168,806,178	\$ 150,324,560	\$ 172,183,229	\$ 225,366,289



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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
EXPENSES										
Governmental activities:										
General government	\$ 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	\$ 16,429,959
Transportation	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	4,621,428
Public safety	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	23,084,371
Economic and physical development	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	8,375,364
Environmental protection	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	2,267,858
Cultural and recreation	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	12,289,209
Debt service										
Interest on long-term debt	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	2,067,479
Total governmental activities expenses	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	69,135,668
Business-type activities:										
Utility	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	22,201,087
Total business-type activities expenses	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	22,201,087
Total primary government expenses	\$ 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	\$ 91,336,755
PROGRAM REVENUES										
Governmental activities:										
Charges for services:										
General government	\$ 248,298	\$ 229,390	\$ 363,003	\$ 377,640	\$ 553,220	\$ 402,825	\$ 681,875	\$ 657,373	\$ 511,444	\$ 422,422
Transportation	9,706	227,377	58	23,419	68,638	607,115	567,912	556,393	40,046	22,028
Public safety	19,987	56,012	71,718	47,414	442,219	75,386	392,347	664,068	889,658	739,267
Environmental protection	30,565	536,765	525,698	881,593	969,627	503,822	530,901	386,678	1,649,103	1,745,857
Cultural and recreation	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	2,696,135
Operating grants and contributions:										
General government	259,525	256,291	200,000	-	263,000	-	30,489	-	79,992	19,829
Transportation	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	1,126,649
Public safety	236,445	185,080	1,621,206	603,461	154,385	214,938	418,538	680,111	552,052	435,670
Economic and physical development	72,979	138,106	112,038	75,757	252,279	84,163	296,393	183,700	146,149	182,905
Environmental protection	-	100,000	-	49,158	22,280	22,953	31,205	25,955	29,725	31,220
Cultural and recreation	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	1,885,893
Capital grants and contributions:										
Cultural and recreation	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenues	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	9,307,875
Business-type activities:										
Charges for services:										
Utility	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	36,608,583
Capital grants and contributions:										
Utility	-	-	-	-	-	-	-	-	-	-
Total business-type activities program revenues	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	36,608,583
Total primary government program revenues	\$ 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	\$ 45,916,458
Net revenue (expense):										
Governmental activities	(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)	(59,827,793)
Business-type activities	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	14,407,496
Total primary government net revenue (expense)	\$ (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)	\$ (45,420,297)



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

	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION										
Governmental activities:										
Property taxes, levied for general purpose	\$ 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	\$ 41,211,636
Motor vehicle taxes	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	2,972,960
Local option sales tax	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	12,126,304
Franchise tax	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	3,945,492
Other taxes	235,231	264,290	222,861	244,574	240,417	130,824	110,794	139,563	167,030	167,096
Grants and contributions not restricted to specific programs	314,895	285,975	427,321	514,031	624,575	712,830	766,151	808,516	882,077	942,911
Unrestricted investment earnings	81,920	20,534	22,988	16,018	24,253	179,106	345,739	968,210	1,928,251	1,392,576
Reimbursement from joint agency	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	5,088,766
Gain on sale of MI Connection	-	-	-	-	-	-	-	-	-	25,049,352
Miscellaneous	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	5,633,285
Transfers in (out)	650,000	650,000	-	-	-	-	-	-	-	-
Total governmental activities general revenues and other changes in net position	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	98,530,378
Business-type activities:										
Unrestricted investment earnings	84,071	32,013	20,591	5,159	3,737	7,641	27,014	-	-	-
Unrestricted intergovernmental	-	-	-	-	-	-	-	41,825	119,998	72,979
Transfers in (out)	(650,000)	(650,000)	-	-	-	-	-	-	-	-
Total business-type activities general revenues and other changes in net position	(565,929)	(617,987)	20,591	5,159	3,737	7,641	27,014	41,825	119,998	72,979
Total primary government general revenues and other changes in net position	\$ 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	\$ 98,603,357
Change in net position:										
Governmental activities	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	38,702,585
Business-type activities	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	14,480,475
Total primary government change in net position	\$ 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	\$ 53,183,060



TABLE 3

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

	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
MAJOR GOVERNMENTAL FUND BALANCES										
General fund										
Non-spendable	\$ 26,600	\$ 29,649	\$ 60,838	\$ 87,742	\$ 87,713	\$ 114,469	\$ 156,989	\$ 197,569	\$ 244,028	\$ 276,191
Restricted	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	14,527,691
Committed	848,682	1,400,000	500,000	500,000	500,000	550,000	550,000	650,000	650,000	8,119,687
Assigned	-	4,402,560	5,139,182	4,672,397	4,125,925	3,906,425	2,215,924	-	-	-
Unassigned	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	41,199,937
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	11,880,627	-	-	-	-	-	-	-	-	-
Total major governmental fund balances	38,110,735	35,816,752	29,523,748	28,325,687	42,042,010	47,413,297	38,513,134	32,210,633	55,130,002	64,123,506
NON-MAJOR OTHER GOVERNMENTAL FUND BALANCES										
Restricted	367,137	394,234	504,816	304,013	429,651	355,215	420,685	424,408	452,036	640,377
Committed	-	-	-	-	-	-	-	8,783,141	-	7,465,209
Total non-major other governmental fund balances	367,137	394,234	504,816	304,013	429,651	355,215	420,685	9,207,549	452,036	8,105,586
Total governmental fund balances	\$ 38,477,872	\$ 36,210,986	\$ 30,028,564	\$ 28,629,700	\$ 42,471,661	\$ 47,768,512	\$ 38,933,819	\$ 41,418,182	\$ 55,582,038	\$ 72,229,092

*Capital projects fund was reported as a non-major fund in fiscal year 2018 and 2020.



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									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
REVENUES										
Taxes	\$ 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	\$ 60,427,197
Licenses and permits	160,217	150,995	222,861	244,574	240,417	130,824	110,794	139,563	167,030	167,096
Intergovernmental	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	4,447,637
Charges for services	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	5,625,709
Investment earnings	55,836	20,534	22,988	16,018	24,253	179,106	345,739	968,210	1,928,254	1,392,576
Reimbursement from joint agency	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	5,088,766
Miscellaneous	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	2,986,701
Total revenues	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	80,135,682
EXPENDITURES										
General government	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	16,144,568
Public safety	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	19,516,231
Transportation	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	2,752,782
Environmental Protection	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	1,720,108
Economic and physical development	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	6,519,500
Cultural and recreation	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	9,046,077
Capital outlay	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	17,399,978
Debt service										
Principal	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	65,292,285
Interest	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	5,416,031
Total expenditures	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	143,807,560
Excess of revenues over (under) expenditures	(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	(63,671,878)
OTHER FINANCING SOURCES (USES)										
Transfers in	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	5,448,105
Transfers out	(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)	(5,448,105)
Sale of Capital Assets	-	-	-	-	-	1,724,181	99,841	12,124	181,480	64,483
Proceeds from sale of MI Connection	-	-	-	-	-	-	-	-	-	80,254,449
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)	1,202,903	650,000	-	-	16,154,139	5,831,052	99,841	12,124	11,163,915	80,318,932
Net change in fund balances	\$ (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	\$ 16,647,054
Debt service as a percentage of noncapital expenditures	27.92%	26.82%	24.07%	23.53%	23.43%	24.44%	22.23%	21.63%	21.07%	55.94%





TABLE 5

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
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
2020	44,177,961	12,126,304	3,945,492	177,440	60,427,197

TABLE 6

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 License ¹	Total
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
2020	41,211,636	12,126,304	3,945,492	31,220	177,440	15,740	-	57,507,832

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					
	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	Total
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	1,928,251	7,867,152	1,299,710	75,079,949
2020 ¹	5,625,709	3,682,166	-	44,351,692	17,014,707	1,392,576	5,088,766	5,633,285	82,788,901

¹ Gain on sale of MI Connection of \$25,049,352 is not included.
This is a special item for one year only.





TABLE 8

**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
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
2020	7,514,939,170	65,844,862	7,580,784,032	0.58	44,000,768

TABLE 9

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 Mooreville Downtown District	Iredell County	Mooreville Graded School District	
2011	2010	\$ 0.58	\$ 0.16	\$ 0.485	\$ 0.135	\$ 1.36
2012	2011	0.58	0.16	0.485	0.135	1.36
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	0.485	0.185	1.41
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
2020	2019	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 Mooreville property owners, the Downtown District and Mooreville 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, 2020**

Assessed valuation:

Assessment ratio ¹	100.00%
Real property	\$ 7,514,939,170
Public service companies ²	<u>65,844,862</u>
Total assessed valuation	7,580,784,032
Tax rate per \$100	<u>0.58</u>
Levy (includes discoveries, releases, penalties and abatements)	<u><u>\$ 44,000,768</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.

TABLE 11

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

Taxpayer	Type of Enterprise	2020			2010		
		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	\$ 354,531,467	1	4.68%	\$ 342,070,571	1	6.79%
NGK Ceramics USA, Inc.	Ceramic Automobile Parts Manufacturer	191,294,991	2	2.52%	106,026,190	2	2.11%
Cardinal FG	Flat Glass Manufacturer	72,164,327	3	0.95%	49,104,722	4	0.98%
Lake Norman Regional Medical Center	Hospital and Medical Offices	71,062,035	4	0.94%	72,031,830	3	1.43%
Pactiv Corporation	Disposable Food Service Products	71,043,850	5	0.94%	37,145,293	8	0.74%
Niagara Bottling, LLC	Water Bottling	68,021,910	6	0.90%			
Bestco Inc.	Health Aids	65,284,909	7	0.86%			
Langtree Development Company	Land Development	65,139,520	8	0.86%			
Atlas Corporation/FNA Polymer Corporation	Fabric	64,165,845	9	0.85%	38,121,264	7	0.76%
CWS Plantation SAF IX LP	Real Estate	41,141,500	10	0.54%			
Buffalo-Mooresville, LLC	Land Development				45,705,580	5	0.91%
Penske	Automotive Racing				41,938,776	6	0.83%
DDRTC Winslow Bay Commons LLC	Land Development				31,982,340	9	0.64%
Carolina Beer & Beverage LLC	Beer and Beverage Industry				27,334,217	10	0.54%
Total		<u>\$ 1,063,850,354</u>		<u>14.04%</u>	<u>\$ 791,460,783</u>		<u>15.73%</u>

Source: Iredell County Tax Assessor





TABLE 12

**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
2011	2010	\$ 29,909,020	\$ 28,674,844	95.87%	\$ 1,008,752	\$ 29,683,596	99.25%
2012	2011	29,086,412	27,966,728	96.15%	853,873	28,820,601	99.09%
2013	2012	30,273,297	29,320,767	96.85%	716,319	30,037,086	99.22%
2014	2013	29,696,473	29,069,219	97.89%	547,806	29,617,025	99.73%
2015	2014	32,174,693	31,717,243	98.58%	305,105	32,022,348	99.53%
2016	2015	34,060,239	33,582,492	98.60%	295,942	33,878,434	99.47%
2017	2016	35,517,277	35,217,194	99.16%	226,999	35,444,193	99.79%
2018	2017	36,411,961	36,112,321	99.18%	212,383	36,324,704	99.76%
2019	2018	37,967,586	37,670,914	99.22%	163,823	37,834,737	99.65%
2020	2019	44,000,768	43,699,468	99.32%	-	43,699,468	99.32%

**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 Placement Installment Financing	Certificates of Participation and Limited Obligation Bonds	Bond Premium COPS	Bond Premium LOB	General Obligation Bonds	Bond Premium GOB	Direct Placement Installment Financing	Revenue Bonds	Bond Premium	Direct Placement State Revolving Loan			
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)	509,602	27,175,000	437,094	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)	478,420	25,525,000	410,663	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)	447,239	23,875,000	384,232	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	4,908,231	42,225,000	2,102,676	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	4,627,484	38,200,000	4,488,100	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	4,346,738	35,550,000	4,197,229	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	4,065,991	32,980,000	3,906,358	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	3,785,245	40,420,000	4,270,717	85,000	48,470,000	1,869,908	7,462,655	179,675,118	8.97%	4,491
2020	6,010,076	4,970,000	30,597	260,151	37,425,000	4,941,578	-	41,510,000	3,548,007	6,905,778	105,601,188	-	2,560

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

¹ Fiscal year 2020 data is not available at June 30, 2020.

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





TABLE 14

**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		
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
2020	37,425,000	4,941,578	0.49%	907

**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
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%
2020	606,080,454	48,405,076	557,675,378	92.01%

Legal debt margin calculation for fiscal year 2019:

Assessed valuation	\$ 7,576,005,677
	<u>8.00%</u>
Debt limit - 8.0% of assessed value	\$ 606,080,454
Total amount of debt applicable to debt limit (net debt)	<u>48,405,076</u>
Legal debt margin	<u><u>\$ 557,675,378</u></u>

**TOWN OF MOORESVILLE, NORTH CAROLINA
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
FOR THE YEAR ENDED JUNE 30, 2020**

Government Unit:	Debt Outstanding	Estimated Percentage Applicable	Amount Applicable to Primary Government
MI - Connection Communications System d/b/a Continuum ¹	\$ -	100%	\$ -
Town of Mooresville direct debt	53,637,402	100%	<u>53,637,402</u>
Total direct and overlapping debt			<u><u>\$ 53,637,402</u></u>

Sources: Outstanding debt and applicable percentages provided by each governmental unit.
Overlapping debt for MI - Connection Communication System ceased as of December 31, 2019
after the sale of this asset.

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			
					Principal	Interest	Total	Coverage
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
2020	27,131,796	14,154,959	7,187,958	20,164,795	3,460,000	2,351,164	5,811,164	3.47

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.



TABLE 18

**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	Building Permits Issued ³	New Industry Investment (thousands) ⁴
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	2,003,050,585	50,065	3.8%	3,244	82,200
2020	2019	41,255	-	-	3.7%	3,138	-

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 2019/2020 as of June 30, 2020.

³ 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.

⁴ 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. 2019/2020 New Industry Data is unavailable as of June 30, 2020.



TABLE 19

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

Company or Institution	Service or Product	2020			2010		
		Approximate Number of	Rank	Percentage of Total Employment	Approximate Number of	Rank	Percentage of Total
		Employees ¹			Employees ¹		Employment
Manufacturing:							
NGK Ceramics USA, Inc.	Ceramic Automobile Parts Manufacture	900	1	4.79%	475	1	3.04%
Bestco Inc. (formerly BestSweets Inc.)	Candy & Other Confectionary Products	525	2	2.79%	240	3	1.54%
Pactiv Corporation	Disposable Food Service Products	320	3	1.70%	230	4	1.47%
Carolina Beverage Group	Beverage Manufacture	278	4	1.48%			
Cardinal FG	Flat Glass Manufacture	238	5	1.27%	242	2	1.55%
Niagra Bottling LLC	Bottled & Canned Soft Drinks	185	6	0.98%			
Berry Global, Inc. (formerly PGI Non-Wovens)	Polypropylene Non-Wovens	120	7	0.64%	175	5	1.12%
Roush Yates Engines	Motor Vehicle Parts & Accessories	120	7	0.64%	170	6	1.09%
General Microcircuits Inc	Printed Circuit Boards	104	9	0.55%			
WestRock, Inc. (formerly RockTenn)	Corrugated Boxes	100	10	0.53%	150	7	0.96%
Roush Yates Performance Group	Racing Engines				150	7	0.96%
L.B. Plastics, Inc.	PVC Profile Extrusions				145	9	0.93%
Custom Products, Inc.	Airline Seats & Cushions				143	10	0.92%
		<u>2,890</u>		<u>15.37%</u>	<u>2,120</u>		<u>13.58%</u>
Non-Manufacturing:							
Lowe's Companies, Inc.	Home Improvement - Corporate	4,000	1	21.29%	3,000	1	19.22%
Lake Norman Regional Medical Center	Hospital and Medical Offices	775	2	4.13%	930	2	5.96%
Mooreville Graded School District	Local School System	765	3	4.07%	465	4	2.98%
Wal-Mart Supercenter	Retail Store	500	4	2.66%	500	3	3.20%
Town of Mooreville	Local Government	489	5	2.60%	360	6	2.31%
Super Target	Retail Store	240	6	1.28%	350	7	2.24%
Lowe's Home Improvement Warehouse	Lumber & Other Building Materials	215	7	1.14%			
The Citadel	Nursing & Personal Care, Other	175	8	0.93%			
Corvid Technologies Inc	Engineering Services	175	8	0.93%			
Best Buy	Radio, TV, & Consumer Electronics Store	170	10	0.90%			
NASCAR Technical Institute	Automotive Repair Technical School				175	9	1.12%
Penske Racing, Inc.	Racing-related Company				421	5	2.70%
Overcash Electric, Inc.	Electrical Contracting				175	8	1.12%
Kohl's Department Store	Retail Store				150	10	0.96%
		<u>7,504</u>		<u>39.93%</u>	<u>6,526</u>		<u>41.81%</u>

¹ Source: Mooreville-South Iredell Economic Development Corporation/ Iredell County Economic Development Corporation



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

Function	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
General government ³	73	68	70	74	78	80	70	70	66	68
Public safety	162	169	173	182	187	191	200	206	207	210
Transportation	26	27	29	29	29	29	29	29	31	31
Environmental protection	20	22	22	22	22	22	24	24	24	24
Cultural ¹	52	46	52	50	46	52	59	59	70	70
Water/sewer administration	29	29	29	29	29	31	32	32	34	35
Water treatment	12	12	12	12	13	13	13	13	13	14
Wastewater treatment	18	18	18	18	19	19	19	19	19	19
Stormwater ²	-	-	-	-	-	1	4	4	5	5
Total	392	391	405	416	423	438	450	456	469	476

Source: Fiscal Year 2020 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 divisions effective July 1, 2018. 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									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Police										
Physical arrests	1,882	1,907	1,867	1,785	1,733	1,659	1,540	1,703	1,522	1,339
Parking violations	107	181	93	102	112	43	113	110	25	28
Citations written	7,300	8,539	7,748	8,847	7,119	5,512	4,961	5,654	5,557	5,921
Fire										
Number of calls answered	3,397	3,004	3,203	3,745	4,459	5,626	5,476	6,219	7,497	7,662
Inspections	2,186	4,063	4,063	4,137	3,477	1,225	1,121	1,474	1,104	1,367
Streets										
Street resurfacing (miles)	2	2	2	2	3	4	6	7	6	6
Sanitation										
Refuse collected (tons/day)	54	51	49	50	52	56	48	58	62	70
Yard debris collected (tons/day)	23	31	35	37	24	10	6	21	25	26
Recyclables collected (tons/day) ¹	-	9	9	9	10	11	9	11	12	13
Recreation										
Winnie L. Hooper facility rentals	53	68	41	61	83	91	120	202	28	22
Charles Mack Citizen Center facility rentals ⁴	1,153	1,186	1,782	1,541	1,515	1,066	1,277	1,018	867	730
Golf Course rounds of golf ²	36,042	34,197	32,571	31,244	14,684	-	29,661	34,058	33,546	40,794
Water										
Water main breaks ³	121	76	110	80	35	47	51	55	34	50
Average daily production (thousands of gallons)	4,255	4,466	4,703	5,232	5,482	5,931	6,221	6,153	6,629	7,001
Wastewater										
Average daily sewage treatment (thousands of gallons)	3,285	3,394	3,500	3,838	3,907	4,237	4,125	4,290	4,674	4,615

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.

⁴ Facility closed March 2020 through June 2020 due to Covid-19.



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

Function	Fiscal Year									
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	56	67	61	71	76	82	88	88	90	93
Fire										
Stations	4	4	5	5	5	5	5	5	5	5
Fire trucks	8	8	10	9	9	9	10	10	10	11
Highways and streets										
Streets (miles)	122	122	132	132	134	135	141	146	152	153
Traffic signals	13	13	13	12	12	12	12	12	12	12
Cultural and recreation										
Parks and golf courses acreage	287.52	549.00	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	15	15	15	15	15	18	18	18	18
Recreation centers	2	4	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)	270	272	278	279	280	297	302	305	313	320
Fire hydrants	1,739	1,808	1,885	1,900	1,837	1,999	2,057	2,080	2,376	2,330
Maximum daily usage (thousands of gallons)	6,133	6,306	6,887	7,201	8,905	8,852	9,364	9,011	9,557	10,469
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)	247	248	266	268	292	305	310	312	325	333
Maximum daily treatment capacity (thousands of gallons)	5,500	7,500	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, 2020, which collectively comprises the Town of Mooresville's basic financial statements, and have issued our report thereon dated October 16, 2020. 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 16, 2020
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, 2020. 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, 2020.

**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 16, 2020
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, 2020. 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, 2020.

**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 16, 2020
Mooresville, North Carolina

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2020

Page 1 of 3

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?

 X yes _____ no

**TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Fiscal Year Ended June 30, 2020**

Page 2 of 3

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, 2020

Page 3 of 3

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, 2020

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, 2020

None

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For the Fiscal Year Ended June 30, 2020

Page 1 of 2

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	\$ 15,000	\$ -
US Department of Justice				
Improving Criminal Justice Responses Grant	16.590	2016-WE-AX-0025	27,383	-
Public Safety Partnership and Community Policing Grant	16.710	2016-UM-WX-0156	25,567	-
Passed-through NC Department of Public Safety				
Violence Against Women	16.588	2018-WF-AX-0026	60,324	-
Byrne Justice Assistance Grant	16.738	2018-DJ-BX-0041	21,694	-
US Department of Homeland Security				
Bullet-Proof Vest	16.607	2018	7,799	-
US Department of Transportation				
Passed-through NC Department of Transportation				
Highway Planning Research and Construction	20.205	51043.3. F1	174,862	-
Highway Planning Research and Construction	20.205	46251.3.1	930,262	-
Highway Planning Research and Construction	20.205	46446.3.1	1,019,103	-
Highway Planning Research and Construction	20.205	48778.4.13	9,829	-
Highway Planning Research and Construction	20.205	46433.3.1	-	-
GHSP Traffic Safety Project	20.600	22019.6.27	5,003	-
GHSP Traffic Safety Project	20.600	22020.6.26	142,895	-
US Department of the Treasury				
Equitable Sharing (Federal Asset Forfeiture)	21.016	N/A	4,319	-
Coronavirus Aid, Relief and Economic Security Act	21.019	N/A	139,646	-
US Department of the Interior				
Passed through NC Department of Natural and Cultural Resources				
2018 Historic Preservation Grant	15.904	N/A	10,000	-
Total Assistance - Federal Programs			2,593,686	-
State Grants:				
Cash Assistance:				
NC Department of Transportation				
Powell Bill	N/A	DOT -4 32570	-	920,621
Bicycle/Pedestrian Plan	N/A	49066.1.9	-	-
NC Department of Natural and Cultural Resources				
State Aid to Libraries	N/A	N/A	-	25,365
Parks and Recreation Trust Fund (PARTF)	N/A	N/A	-	500,000
Total Assistance - State Programs			-	1,445,986
Total Assistance			\$ 2,593,686	\$ 1,445,986

TOWN OF MOORESVILLE, NORTH CAROLINA
SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS
For The Fiscal Year Ended June 30, 2020

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, 2020. 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.

