



# **Town of Mooresville, North Carolina**

**Comprehensive Annual Financial Report  
For the Fiscal Year Ended June 30, 2016**

**Prepared By:**  
Finance Department



**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
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*For The Fiscal Year Ended June 30, 2016*

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# INTRODUCTORY SECTION





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

October 25, 2016

To the Honorable Mayor, Members of the Board of Commissioners, and Citizens 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 year ended June 30, 2016. 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 sufficient reliable information for the preparation of the Town's financial statements in conformity with GAAP. Because the cost of internal controls should not exceed 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.

Potter & Company, Certified Public Accountants, has audited the Town of Mooresville financial statements. The goal of the independent audit was to provide reasonable assurance that the financial statements of the Town of Mooresville for the fiscal year ended June 30, 2016, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the Town of Mooresville financial statements for the fiscal year ended June 30, 2016, are fairly presented in conformity with GAAP. The independent auditor's report is located at the front of the financial section in this report.

The Comprehensive Annual Financial Report is designed to meet the needs of a wide range of financial statement users. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement 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, North Carolina (the County), in the Piedmont region of the State. The Town was established in 1873 after John Franklin Moore donated land for a depot and cotton-weighing 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 activities. The Town is the municipal center of the Mooresville-South Iredell Region. The Mooresville-South Iredell Region contains Lake Norman, the largest man-made lake in the State by surface area, with approximately 520 miles of shoreline. The Town is within a 30-minute drive to uptown Charlotte and has experienced significant residential and commercial growth over the last decade.

The Town is empowered by Article 4A of Chapter 160A of the North Carolina General Statutes to extend its corporate limits by annexation. An area can be annexed by (1) voluntary petition by property owners of an area adjoining the corporate limits; (2) voluntary petition by property owners not contiguous to existing corporate limits, commonly referred to as satellite corporate limits; and (3) involuntary annexation of an area contiguous to the corporate limits initiated by the Board of Commissioners. The Town completed voluntary annexations of 16 properties with a tax value of approximately \$23,747,160 in June 2016.

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 and serves as Chief Executive Officer and 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 to serve a two-year term. 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. Thurman Houston 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 Town Manager and Town Attorney serve at the pleasure of the Town Board. The Town Manager is responsible for the daily municipal operations, including preparation and proposal of the annual budget and hiring employees. The Town Manager serves as the link between the elected body and Town employees.

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

The Town of 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 and recycling collection. The Town also owns and operates three cemeteries and a golf course. In addition to the services previously listed, the Town maintains a storm water program, 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. The 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 General Fund, Special Revenue Funds and Proprietary 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 Charlotte-Douglas International Airport. Interstate 77 passes through the Town, and Interstates 40 and 85 are within a 15 minute drive.

The largest corporate addition to the Town in recent years has been the construction of the Lowe's Company, Inc. corporate headquarters. Lowe's constructed over 3,000,000 square feet of office space, ancillary space and parking decks in the Town since 2003. The facilities have a current tax value of over \$378,000,000. A number of ancillary businesses are located within 10 to 15 minutes of the facility.

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 (MSA) of which the Town became nationally recognized as part of beginning in 2013. This area continues to grow northward, along with families and individuals attracted to the region, because of the high quality of life.

***Demographic Characteristics***

Located in the Piedmont region of North Carolina, the Town has experienced unprecedented growth in the last 15 years. With a population increase of nearly 93% since 2000, the Town is now home to over thirty-six thousand residents and counting.

According to the United States Department of Commerce, Bureau of the Census, the population of the Town has been recorded as follows:

<u>1980</u>	<u>1990</u>	<u>2000</u>	<u>2010</u>
8,575	9,317	18,823	32,711

The North Carolina Office of State Budget and Management has estimated the population of the Town to be as follows:

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
27,628	30,324	30,797	32,848	33,387	34,209	35,156	36,419

## *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. Also, 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 such water-related activities as skiing, sailing, wakeboarding, 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. The Town's median household income is about \$61,458, well above other comparable communities.

Several corporations have located their headquarters here, including Lowe's Corporation, Carolina Beverage, General Microcircuits, Best Co, Richard Petty Motorsports and Penske Racing, just to name a few.

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

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 last two years the Town has joined with local, state and national partners to provide the Mooresville Veterans Celebration. This week-long celebration pays tribute to military men and women both active and retired. One element of the weeks' festivities, the benefit action center, resulted in \$750,000 in claims being awarded to veterans over a two day period.



Mooresville has a proud sense of “community”, and this was prominently displayed during the Town’s National Night Out. This annual community block party is in partnership with the Mooresville Police Department and Target. The event featured games for all ages, demonstrations by local fitness and self-defense groups, vendor booths with free information and music. The highlight of the event, thanks to donations and sponsorships, is the giveaway of thousands of dollars worth of school supplies to area children.

One of the most recognizable images of Mooresville is its downtown area along Main Street. The sense of charm permeates through the shops and restaurants as the downtown businesses bustle with activity. An event added three years ago is the annual Festival of Food Trucks. Every year, on the third Saturday of each month from May thru October, these trucks bring an assortment of dining options to the downtown area. This event has become one of the most popular summer activities in the area.



### ***Long-term financial planning***

In May 2014, Town voters approved a \$20 million bond referendum for constructing, reconstructing, widening, resurfacing, grading and improving streets, roads and intersections, reconstructing and improving sidewalks or walkways and constructing and improving bicycle trails and greenways. Street redesign and construction will improve safety issues and traffic congestion. Sidewalks, bicycle trails and greenways provide multi-modal transportation alternatives. \$1.1 million of the General Obligation Bonds issued in January 2015 with the addition of \$750,000 in grant funds was used to construct and open in October 2015, a Connector Road creating a more direct route from the Town's major industrial park on Mazeppa Road to Interstate 77, which improves connectivity and accessibility around the area.

The Town has \$10 million in Street General Obligation Bonds authorized but unissued at June 30, 2016.

In May 2014, voters approved a \$10 million bond referendum to build new and improve existing recreation facilities to enhance quality of life. \$5.1 million of the bonds funded a complete renovation of the municipal golf course. The front nine holes of the course, which opened in 1949, were originally designed by the famed golf course designer Donald Ross. The back nine holes originally opened in 1977 and were designed by Porter Gibson. This rich history of the course was preserved thanks to the renovation. The course reopened in September 2016 with renovated and new greens, tees, bunkers, cart paths and reseeded fairways. The facility has a new 19-acre practice range, a putting green and will soon have a club house.

In June 2016, a \$4 million installment loan was secured by the Town to construct a golf course club house. The club house will include a golf pro shop, snack bar, restaurant and banquet space, and covered outdoor deck space for tournaments and events.

### ***For the Future***

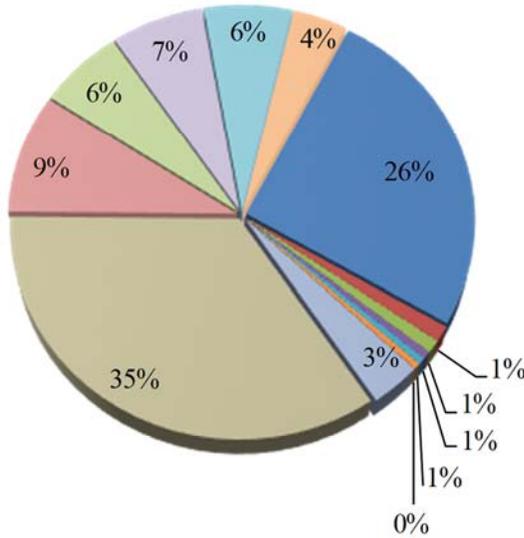
The fiscal year 2017 Annual Budget was adopted by the Town Board of Commissioners on June 6, 2016. The combined capital and operating budget for the fiscal year beginning July 1, 2016 totals \$98,929,412, representing a 6.9% increase from the fiscal year 2016 Annual Budget.

The fiscal year 2017 General Fund budget reflects a projected .08% increase above actual property tax revenues from the prior year, and a 12.5% projected increase in sales tax over the fiscal year 2016 budget. The 2017 operating budget provides funding for current operations in addition to nine new personnel positions, technology network upgrades, new and replacement vehicles, a replacement fire engine, maintenance improvements at recreational facilities, and upgrades at The Charles Mack Citizen Center.

The approved Utility Fund budget for the fiscal year 2017 reflects a 2.4% decrease from the approved fiscal year 2016 budget. The decrease is primarily due to the reduction in the amount of capital funds transferred to the Utility Capital Projects Fund to pay for capital projects which require more than one fiscal year to be completed. Budgeted transfers from the Utility Fund to the Utility Capital Projects Fund include \$2,640,000 for phase 1 of a raw water line to both plants and \$750,000 for design and land for a 42" sewer line extension to relieve capacity issues in the Town's existing system and allow for future growth.

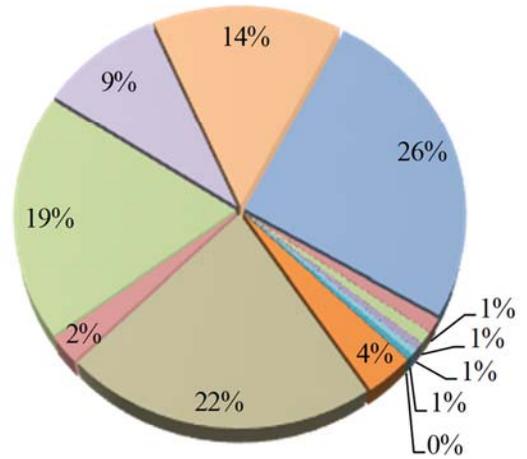
The 2017 capital budget includes traditional revenue funding for technology upgrades, public safety equipment, sidewalks, vehicles, golf course equipment, recreation facility improvements, pump station upgrades and treatment plant equipment. With the exception of the Sanitation Department vehicles, which will be funded by capital reserves, the remaining capital funding is from traditional General and Utility Fund revenues.

**Revenues \$98,929,412**



- Property Tax - \$34,225,000
- Sales Tax - \$9,000,000
- Intergovernmental Taxes - \$6,180,275
- Fees, Interest, Transfers, Misc - \$6,677,889
- Reimbursement from Joint Agency - \$6,357,148
- Fund Balance - \$3,906,425
- Utility Charges - \$25,503,782
- Storm Water - \$1,179,920
- Powell Bill - \$960,000
- Community Development - \$565,973
- Capital Reserve - \$500,000
- Transfer to General Capital Projects Fund - \$438,000
- Transfer to Utility Capital Projects Fund - \$3,435,000

**Expenditures \$98,929,412**



- General Administration - \$21,912,665
- Economic Development - \$2,188,241
- Public Safety - \$19,031,414
- Public Services/Works - \$9,144,247
- Recreation/Cultural - \$14,070,170
- Utility - \$25,503,782
- Storm Water - \$1,179,920
- Powell Bill - \$960,000
- Community Development - \$565,973
- Capital Reserve - \$500,000
- General Fund Financed Capital Projects - \$438,000
- Utility Fund Financed Capital Projects - \$3,435,000

### *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,



N. Erskine Smith  
Town Manager



Deborah B. Hockett  
Finance Director

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

**ELECTED OFFICIALS**



Miles Atkins  
Mayor



Thurman Houston  
Mayor Pro Tempore  
Commissioner Ward 2



David Coble  
Commissioner at Large



Bobby Compton  
Commissioner at Large



Eddie Dingler  
Commissioner Ward 1



Daniel Beaver  
Commissioner Ward 3



Lisa Qualls  
Commissioner Ward 4

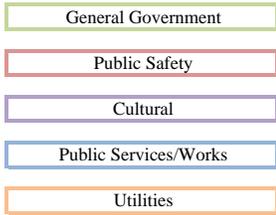
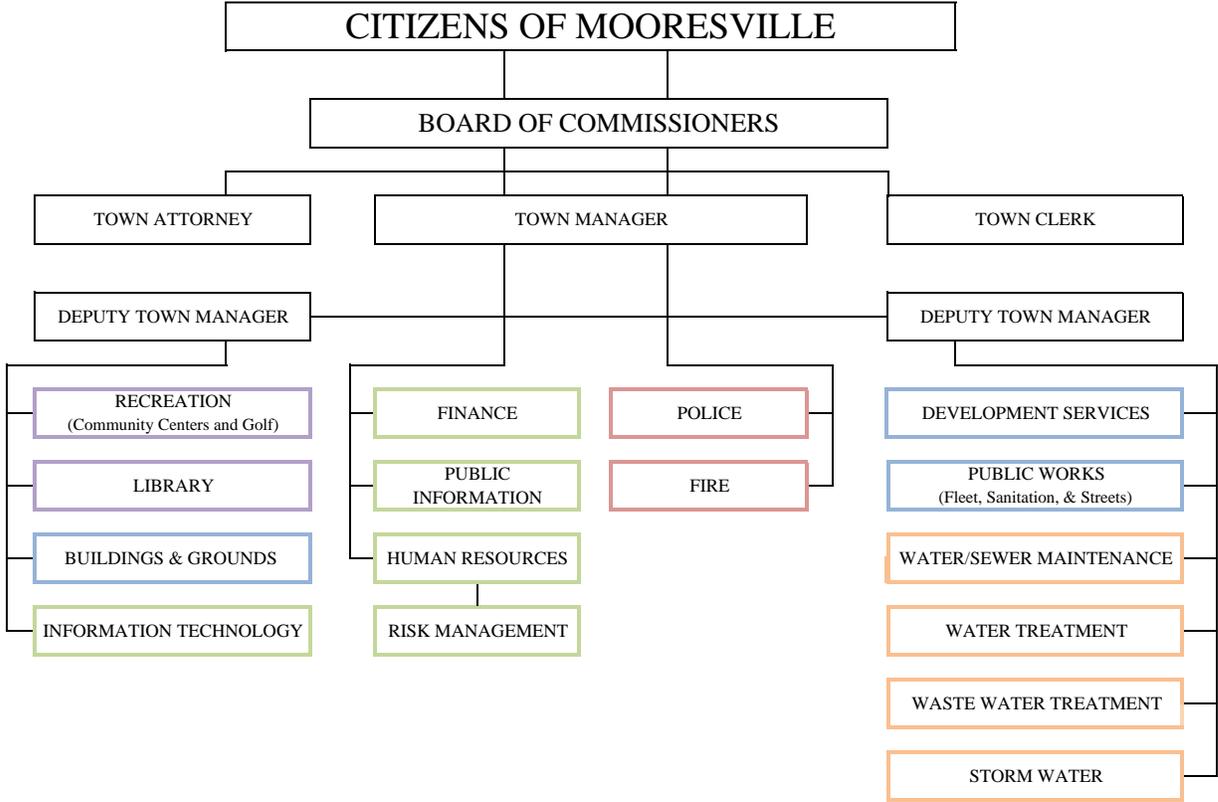
**APPOINTED OFFICIALS**

N. Erskine Smith, Jr.  
Town Manager

Stephen Gambill  
Town Attorney

Janet Pope  
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, 2015**

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, 2016, 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, 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, 2016, 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 and the Law Enforcement Officers' and the other Post employment Benefit's and Special Separation Allowance Schedules of Funding Progress and Employer Contributions on pages 4-13 and 86-87, respectively, the Local Government Employees' Retirement System's Schedules of the Proportionate Share of the Net Pension Asset and Contributions, on pages 88 and 89, respectively, and the Firefighters' and Rescue Squad Workers' Pension Fund's Schedule of the Proportionate Share of Net Pension Liability on page 90 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 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 nonmajor 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 nonmajor 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. In our opinion, based on our audit, the procedures performed as described above and the report of other auditors the combining and individual nonmajor fund financial statements, budgetary schedules, other schedules and 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 25, 2016 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, contract, 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 25, 2016

## **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, 2016. 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.

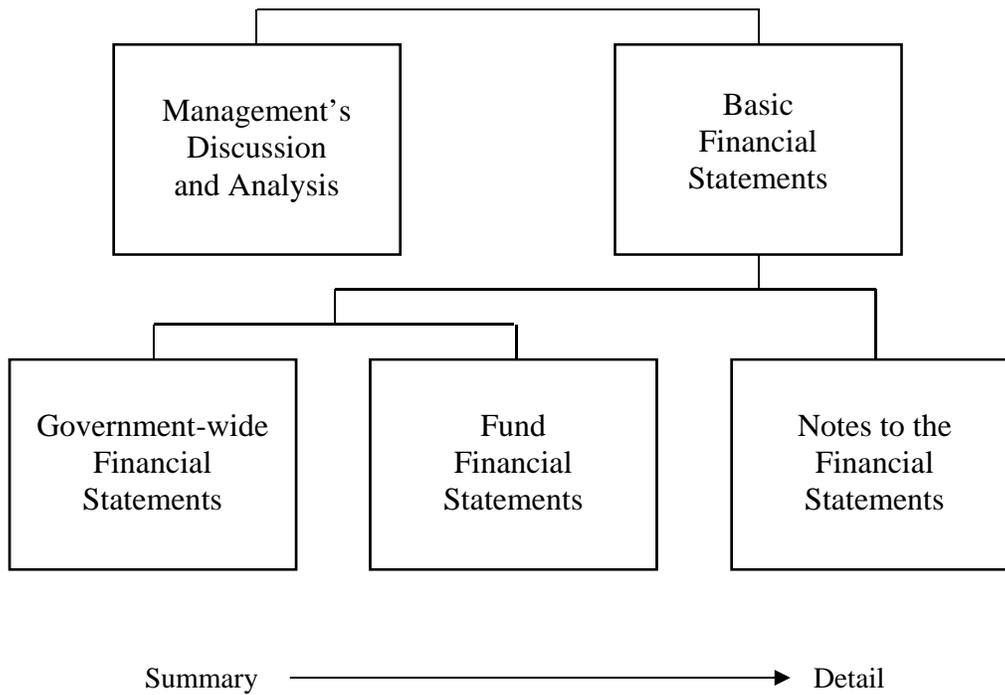
### **Financial Highlights**

- 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 \$162,791,909 (*net position*).
- The government's total net position increased by \$11,812,571. The net position of the governmental activities increased by \$4,097,672 and the business-type activities increased by \$7,714,899.
- As of the close of the current fiscal year, the Town of Mooresville's governmental funds reported combined ending fund balances of \$47,768,512, an increase of \$5,296,851 in comparison with the prior year. Approximately 65 percent of this total amount or \$31,071,693 is non-spendable, restricted, committed or assigned.
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$16,696,819 or approximately 28 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.

**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.

## 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 storm water 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 exercises control over these Boards. The Board of Commissioners appoints the Board members for both of these entities. 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 of the 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 is 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.

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

**Capital Projects Reserve Fund.** This fund is to be used to purchase sanitation vehicles and equipment. The maximum annual contribution is \$500,000 and the maximum total reserve balance permitted is \$750,000.

**Proprietary Funds.** *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 activities. This fund is the same as that function shown in the business-type activities in the Statement of Net Position and the Statement of Activities.

**Storm Water Fund.** This fund is used to account for the operations and maintenance of the Town's storm water program which manages storm water runoff through stream cleaning, bank stabilization, and maintenance of detention lakes and pools.

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

**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 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 31 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 86 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	
	2016	2015	2016	2015	2016	2015
Assets:						
Current and other assets	\$ 54,906,423	\$ 51,714,032	\$ 46,368,109	\$ 41,128,560	\$ 101,274,532	\$ 92,842,592
Capital assets	160,347,049	160,363,245	133,158,550	134,749,350	293,505,599	295,112,595
Total assets	<u>215,253,472</u>	<u>212,077,277</u>	<u>179,526,659</u>	<u>175,877,910</u>	<u>394,780,131</u>	<u>387,955,187</u>
Deferred outflows of resources	<u>6,149,599</u>	<u>8,410,344</u>	<u>203,035</u>	<u>201,049</u>	<u>6,352,634</u>	<u>8,611,393</u>
Liabilities:						
Long-term liabilities						
outstanding	147,158,047	146,571,395	69,275,934	72,795,598	216,433,981	219,366,993
Other liabilities	14,367,465	14,129,488	5,962,909	5,733,755	20,330,374	19,863,243
Total liabilities	<u>161,525,512</u>	<u>160,700,883</u>	<u>75,238,843</u>	<u>78,529,353</u>	<u>236,764,355</u>	<u>239,230,236</u>
Deferred inflows of resources	<u>1,242,335</u>	<u>5,249,186</u>	<u>334,166</u>	<u>1,107,820</u>	<u>1,576,501</u>	<u>6,357,006</u>
Total liabilities and deferred inflows of resources	<u>162,767,847</u>	<u>165,950,069</u>	<u>75,573,009</u>	<u>79,637,173</u>	<u>238,340,856</u>	<u>245,587,242</u>
Net position:						
Net investment in capital assets	34,683,608	36,765,559	64,283,256	61,846,039	98,966,864	98,611,598
Restricted	6,831,494	5,205,232	-	-	6,831,494	5,205,232
Unrestricted	17,120,122	12,566,761	39,873,429	34,595,747	56,993,551	47,162,508
Total net position	<u>\$ 58,635,224</u>	<u>\$ 54,537,552</u>	<u>\$ 104,156,685</u>	<u>\$ 96,441,786</u>	<u>\$ 162,791,909</u>	<u>\$ 150,979,338</u>

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 \$162,791,909 as of June 30, 2016. The Town's net position increased by \$11,812,571 for the fiscal year ended June 30, 2016. However, a large portion (61 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, \$6,831,494 represents resources that are subject to external restrictions on how they may be used. The remaining balance of \$56,933,551 is unrestricted.

Several particular 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 98.60 percent, which exceeds the fiscal year 2015 statewide average of 97.47 percent.
- Increased sales tax revenue of \$670,382 due to economic growth.
- Increased utilities sales tax of \$508,264.

*(continued on next page)*

**Town of Mooresville's Changes in Net Position**  
**Figure 3**

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 2,881,099	\$ 3,683,624	\$ 27,190,905	\$ 23,746,418	\$ 30,072,004	\$ 27,430,042
Operating grants and contributions	3,007,147	3,215,540	-	-	3,007,147	3,215,540
Total program revenues	5,888,246	6,899,164	27,190,905	23,746,418	33,079,151	30,645,582
General revenues:						
Property taxes, levied for general purpose	34,084,526	32,490,733	-	-	34,084,526	32,490,733
Other taxes	130,824	240,417	-	-	130,824	240,417
Investment earnings	179,106	24,253	7,641	3,737	186,747	27,990
Grants and contributions not restricted to specific programs	13,612,363	12,345,462	-	-	13,612,363	12,345,462
Reimbursement from joint agencies	6,336,395	7,179,855	-	-	6,336,395	7,179,855
Miscellaneous	3,880,213	1,423,978	-	-	3,880,213	1,423,978
Total general revenues	58,223,427	53,704,698	7,641	3,737	58,231,068	53,708,435
Total revenues	64,111,673	60,603,862	27,198,546	23,750,155	91,310,219	84,354,017
Expenses:						
Primary government:						
General government	11,098,565	9,575,435	-	-	11,098,565	9,575,435
Transportation	3,751,166	3,768,097	-	-	3,751,166	3,768,097
Public safety	17,749,288	17,065,326	-	-	17,749,288	17,065,326
Economic and physical development	9,234,146	10,453,643	-	-	9,234,146	10,453,643
Environmental protection	1,951,228	1,845,431	-	-	1,951,228	1,845,431
Cultural and recreation	8,134,783	7,705,742	-	-	8,134,783	7,705,742
Interest on long-term debt	8,094,825	4,895,770	-	-	8,094,825	4,895,770
Utility	-	-	19,483,647	19,380,850	19,483,647	19,380,850
Total expenses	60,014,001	55,309,444	19,483,647	19,380,850	79,497,648	74,690,294
Change in net position	4,097,672	5,294,418	7,714,899	4,369,305	11,812,571	9,663,723
Net position-beginning	54,537,552	49,243,134	96,441,786	92,072,481	150,979,338	141,315,615
Net position-ending	\$ 58,635,224	\$ 54,537,552	\$ 104,156,685	\$ 96,441,786	\$ 162,791,909	\$ 150,979,338

**Governmental Activities.** Governmental activities increased the Town's net position by \$4,097,672. Key elements of this increase are as follows:

- The Town recognized an increase in net position in the Governmental Funds, primarily due to an increase in property tax revenue and growth in franchise and sales tax revenue.

**Business-type Activities.** Business-type activities increased the Town's net position by \$7,714,899. Key elements of this increase are as follows:

- Total revenues increased in the Water and Sewer Fund from the prior year by \$2,905,344. User rates and customer charges did not change from fiscal year 2015. The increase in revenues was primarily due to the demand for services.
- In fiscal year 2015, the Town established a Storm Water Fund and initiated a \$3.40 fixed monthly fee for residential properties and a calculated fee for commercial properties based on impervious surface area. Total revenue increased in the Storm Water Fund from the prior year by \$539,143.

### **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 \$47,768,512, an increase of \$5,296,851 in comparison with the prior year. Approximately 35 percent of this amount, \$16,696,819 constitutes unassigned fund balance which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, restricted, committed or assigned indicating that it is not available for new spending because it has already been committed.

The General Fund is the chief operating fund of the Town of Mooresville. At the end of the current fiscal year, Town of Mooresville's fund balance in the General Fund was \$27,833,273. 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 28 percent of total General Fund expenditures, and total fund balance represents 47 percent of that same amount.

At June 30, 2016, the governmental funds of Town of Mooresville reported a combined fund balance of \$47,768,512, a 12.5 percent increase over last year. The General Fund experienced a moderate 4.5 percent growth in Ad Valorem tax revenue, and an 8 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 some positions were not filled as they became vacant and operating and capital expenditures were closely examined during the fiscal year.

Significant budget amendments during the year include land purchase, new police officer positions, and a town radio system.

**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 \$39,873,429. The total change in net position for the Utility Fund was \$7,714,899. 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, 2016, totals \$293,505,599 (net of accumulated depreciation). These assets include buildings, land and improvements, machinery and equipment, park facilities, vehicles and a cable system. Additional information regarding the Town of Mooresville’s capital assets can be found in note 2 of the Notes to the Financial Statements.

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 15,794,353	\$ 15,953,708	\$ 3,881,259	\$ 3,865,259	\$ 19,675,612	\$ 19,818,967
Buildings, equipment and vehicles	140,678,645	138,822,467	2,954,870	2,121,824	143,633,515	140,944,291
Water/Sewer treatment plant, equipment and lines	-	-	121,283,240	123,675,641	121,283,240	123,675,641
Construction in process	3,570,323	5,283,342	5,039,181	5,086,626	8,609,504	10,369,968
Property held for sale	303,728	303,728	-	-	303,728	303,728
<b>Total</b>	<b>\$ 160,347,049</b>	<b>\$ 160,363,245</b>	<b>\$ 133,158,550</b>	<b>\$ 134,749,350</b>	<b>\$ 293,505,599</b>	<b>\$ 295,112,595</b>

**Long-term Debt.** As of June 30, 2016, the Town of Mooresville had total debt outstanding of \$196,035,981. Of this, \$109,150,000 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, \$9,401,765 is secured by capital and \$58,520,000 solely by specified revenue sources (e.g. revenue bonds).

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

	Governmental Activities		Business-type Activities		Total	
	2016	2015	2016	2015	2016	2015
Installment loans	\$ 18,964,216	\$ 17,006,567	\$ 9,401,765	\$ 9,996,818	\$ 28,365,981	\$ 27,003,385
Certificates of participation	70,950,000	74,415,000	-	-	70,950,000	74,415,000
General obligation bonds	38,200,000	42,225,000	-	-	38,200,000	42,225,000
Revenue bonds	-	-	58,520,000	62,070,000	58,520,000	62,070,000
	<u>\$ 128,114,216</u>	<u>\$ 133,646,567</u>	<u>\$ 67,921,765</u>	<u>\$ 72,066,818</u>	<u>\$ 196,035,981</u>	<u>\$ 205,713,385</u>

The Town has \$10,000,000 in General Obligation Bonds authorized but unissued at June 30, 2016.

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 \$9,070,730 in fiscal year 2016. This compares to \$8,400,348 in fiscal year 2015.
- Property valuation increased by approximately 5.8% due to growth and development.
- Iredell County's revaluation was January 1, 2015.

Budget Highlights for the Fiscal Year Ending June 30, 2017:

**Governmental Activities.** Reflected in the General Fund budget is an assessed tax valuation of \$5,969,021,000. Tax revenues should exceed 2016-2017 Approved Budget due to increase residential and commercial development within the town limits. The assessed value generates approximately \$588,426 per penny at a 98.58 percent collection rate. With a tax rate of \$.58, the valuation results in \$34,000,000 of revenue to fund General Fund operations – an increase of \$1,565,000 from fiscal year 2015 - 2016 Approved Budget. The General Fund budget does rely upon the appropriation of Fund balance, or prior years' savings, in order to meet the requirement of balancing expenditures to revenues. The appropriation of \$3,906,425 is the equivalent of 6.64 cents of property taxes.

**Business-type Activities.** Water and sewer rates remain at fiscal year 2014 levels. Based on the current collections and slight increase in utility customers, the 2016 adopted rates will continue to bring the level of revenue needed to support the Utility Fund. The charge for services for the Utility Fund increased by 5.47 percent compared to the fiscal year 2015-2016 approved Utility Fund budget. The Utility Fund budget includes \$1,632,396 of Appropriated Retained Earnings. The Utility Fund is using retained earnings as a funding source for the purchase of land and project design for a 42" sewer line extension and to complete phase 1 of a raw water line project. Total budgeted project cost for the two projects is \$3,435,000.

**Requests for Information**

This report is designed to provide an overview of the Town's finances for those with an interest in this area. Questions concerning any of the information found in this report or requests for additional information should be directed to the Finance Director, Town of Mooresville, PO Box 878, 413 North Main Street, Mooresville, NC 28115.





**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**STATEMENT OF NET POSITION**  
**June 30, 2016**

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	Alcoholic Beverage Control Board	Mooreville Travel and Tourism Authority
<b>ASSETS</b>					
Current assets:					
Cash and cash equivalents	\$ 26,545,199	\$ 37,438,440	\$ 63,983,639	\$ 1,760,159	\$ 1,021,049
Taxes receivable (net)	1,379,348	-	1,379,348	-	-
Accrued interest receivable on taxes	764,534	-	764,534	-	-
Accounts receivables (net)	681,986	3,960,787	4,642,773	-	456,316
Due from other governments	3,523,215	-	3,523,215	-	303,852
Due from component unit	226,209	-	226,209	-	-
Inventories	88,869	337,937	426,806	817,948	-
Security deposit	-	-	-	-	2,376
Prepaid expense	-	-	-	10,899	300
Restricted assets:					
Cash and cash equivalents	19,924,157	2,705,033	22,629,190	-	-
Noncurrent assets:					
Receivables	1,772,906	-	1,772,906	-	-
Capital assets:					
Land and other non-depreciable improvements	19,668,404	8,920,440	28,588,844	661,345	17,692
Depreciable assets, net of depreciation	140,678,645	124,119,175	264,797,820	1,361,008	60,327
<b>Total assets</b>	<b>215,253,472</b>	<b>177,481,812</b>	<b>392,735,284</b>	<b>4,611,359</b>	<b>1,861,912</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>					
Contributions to pension plan in current fiscal year	1,207,439	203,035	1,410,474	17,282	-
Deferred charge on refunding	4,942,160	-	4,942,160	-	-
<b>Total deferred outflows of resources</b>	<b>6,149,599</b>	<b>203,035</b>	<b>6,352,634</b>	<b>17,282</b>	<b>-</b>
<b>LIABILITIES</b>					
Current liabilities:					
Accounts payable and accrued liabilities	2,969,943	715,687	3,685,630	724,110	18,220
Deposits payable	-	184,547	184,547	-	-
Accrued interest payable	1,129,943	504,037	1,633,980	-	-
Current portion of long-term liabilities	10,267,579	4,460,372	14,727,951	-	1,372
Noncurrent liabilities:					
Due in more than one year	147,158,047	69,275,934	216,433,981	14,676	7,958
<b>Total liabilities</b>	<b>161,525,512</b>	<b>75,140,577</b>	<b>236,666,089</b>	<b>738,786</b>	<b>27,550</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	212,871	-	212,871	-	-
Unavailable revenue - security deposits	-	152,496	152,496	-	-
Pension deferrals	1,029,464	181,670	1,211,134	7,706	-
<b>Total deferred inflows of resources</b>	<b>1,242,335</b>	<b>334,166</b>	<b>1,576,501</b>	<b>7,706</b>	<b>-</b>
<b>NET POSITION</b>					
Net investment in capital assets	34,683,608	64,283,256	98,966,864	2,022,353	78,019
Restricted for:					
Stabilization by State Statute	5,688,010	-	5,688,010	-	762,544
Capital improvements	-	-	-	122,286	-
Supplemental Peg Channel Support	67,912	-	67,912	-	-
Working capital	-	-	-	304,180	-
Streets	652,628	-	652,628	-	-
Economic Development	355,215	-	355,215	-	993,799
Public safety	67,729	-	67,729	-	-
Unrestricted	17,120,122	39,873,429	56,993,551	1,433,330	-
<b>Total net position</b>	<b>\$ 58,635,224</b>	<b>\$ 104,156,685</b>	<b>\$ 162,791,909</b>	<b>\$ 3,882,149</b>	<b>\$ 1,834,362</b>

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, 2016

Functions / Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		Total	Component Units	
					Governmental Activities	Business-type Activities		Alcoholic Beverage Control Board	Mooresville Travel and Tourism Authority
Primary government:									
Governmental Activities:									
General government	\$ 11,098,565	\$ 402,825	\$ -	\$ -	\$ (10,695,740)	\$ -	\$ (10,695,740)	\$ -	\$ -
Transportation	3,751,166	607,115	1,028,382	-	(2,115,669)	-	(2,115,669)	-	-
Public safety	17,749,288	75,386	214,938	-	(17,458,964)	-	(17,458,964)	-	-
Economic and physical development	9,234,146	-	84,163	-	(9,149,983)	-	(9,149,983)	-	-
Environmental protection	1,951,228	503,822	22,953	-	(1,424,453)	-	(1,424,453)	-	-
Cultural and recreation	8,134,783	1,291,951	1,656,711	-	(5,186,121)	-	(5,186,121)	-	-
Debt Service:									
Interest on long-term debt	8,094,825	-	-	-	(8,094,825)	-	(8,094,825)	-	-
Total governmental activities	60,014,001	2,881,099	3,007,147	-	(54,125,755)	-	(54,125,755)	-	-
Business-type activities:									
Utility	19,483,647	27,190,905	-	-	-	7,707,258	7,707,258	-	-
Total business-type activities	19,483,647	27,190,905	-	-	-	7,707,258	7,707,258	-	-
Total primary government	\$ 79,497,648	\$ 30,072,004	\$ 3,007,147	\$ -	\$ (54,125,755)	\$ 7,707,258	\$ (46,418,497)	\$ -	\$ -
Component units:									
ABC Board	\$ 10,378,084	\$ 10,366,304	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (11,780)	\$ -
Mooresville Travel and Tourism Authority	719,501	1,106	1,027,500	-	-	-	-	-	309,105
Total component units	\$ 11,097,585	\$ 10,367,410	\$ 1,027,500	\$ -	\$ -	\$ -	\$ -	\$ (11,780)	\$ 309,105
General revenues:									
Taxes:									
Property taxes, levied for general purpose					34,084,526	-	34,084,526	-	-
Other taxes					130,824	-	130,824	-	-
Grants and contributions not restricted to specific purposes					13,612,363	-	13,612,363	-	-
Unrestricted investment earnings					179,106	7,641	186,747	-	88
Reimbursement from joint agency					6,336,395	-	6,336,395	-	-
Miscellaneous					3,880,213	-	3,880,213	-	(364)
Total general revenues					58,223,427	7,641	58,231,068	-	(276)
Change in net position					4,097,672	7,714,899	11,812,571	(11,780)	308,829
Net position, beginning					54,537,552	96,441,786	150,979,338	3,893,929	1,525,533
Net position, ending					\$ 58,635,224	\$ 104,156,685	\$ 162,791,909	\$ 3,882,149	\$ 1,834,362

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





**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**June 30, 2016**

	Major		Non-Major	Total
	General	Capital Projects Fund	Other Governmental Funds	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 24,481,217	\$ 2,063,982	\$ -	\$ 26,545,199
Restricted cash and cash equivalents	1,668,178	17,954,777	301,202	19,924,157
Taxes receivables, net	1,379,348	-	-	1,379,348
Accounts receivable, net	655,883	-	-	655,883
Due from other governments	3,469,202	-	54,013	3,523,215
Due from component unit	226,209	-	-	226,209
Inventories	88,869	-	-	88,869
Total assets	31,968,906	20,018,759	355,215	52,342,880
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	2,515,720	438,735	-	2,954,455
Total liabilities	2,515,720	438,735	-	2,954,455
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue	212,871	-	-	212,871
Solid waste receivable	27,694	-	-	27,694
Property taxes receivable	1,379,348	-	-	1,379,348
Total deferred inflows of resources	1,619,913	-	-	1,619,913
<b>FUND BALANCES</b>				
Non-spendable				
Inventories	88,869	-	-	88,869
Perpetual Maintenance	25,600	-	-	25,600
Restricted				
Stabilization by State Statute	5,688,010	-	-	5,688,010
Streets	652,628	-	-	652,628
Sanitation Capital Reserve	89,281	-	-	89,281
Public Safety	67,729	-	-	67,729
Supplemental Peg Channel Support	67,912	-	-	67,912
Economic Development	-	-	355,215	355,215
Committed				
Recreation, buildings and grounds facility and telecommunication acquisition and improvements	-	19,580,024	-	19,580,024
Workers compensation and other insurance	550,000	-	-	550,000
Assigned				
Subsequent years expenditures	3,906,425	-	-	3,906,425
Unassigned	16,696,819	-	-	16,696,819
Total fund balances	27,833,273	19,580,024	355,215	47,768,512
Total liabilities, deferred inflows of resources and fund balances	\$ 31,968,906	\$ 20,018,759	\$ 355,215	\$ 52,342,880

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, 2016**

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

Fund balances	\$	47,768,512
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Gross capital assets at historical costs	\$	249,083,602
Accumulated depreciation		<u>(89,040,281)</u>
		160,043,321
Capital assets held for re-sale used in governmental activities are not financial resources and therefore are not reported in the funds.		303,728
Net pension liability		(1,552,603)
Contributions to the pension plan in the current fiscal year are deferred outflows of resources on the Statement of Net Position		1,207,439
Interest rebate		26,103
Interest receivable		764,534
Receivable from other government		1,772,906
Interest payable		(1,129,943)
Annual leave accrual		(1,786,947)
Other post employment benefits		(15,712,136)
LEO Separation Allowance net pension obligations		(1,099,001)
Liabilities for earned revenues considered deferred inflows of resources in fund statements.		
General fund		1,391,553
Non-major fund		816,179
Loan receivable for deferred inflows of resources (net)		(816,179)
Bond issuance premiums (net)		(9,160,722)
Deferred charge on refunding		4,942,160
Pension related deferrals		(1,029,464)
Some liabilities, including installment purchase contracts, are not due and payable in the current period and therefore are not reported in the funds.		<u>(128,114,216)</u>
Net position of governmental activities	\$	<u><u>58,635,224</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, 2016**

	Major		Non-Major	Total
	General Fund	Capital Projects Fund	Other Governmental Funds	
<b>REVENUES</b>				
Ad Valorem taxes	\$ 34,174,682	\$ -	\$ -	\$ 34,174,682
Other taxes and licenses	130,824	-	-	130,824
Unrestricted intergovernmental	13,612,363	-	-	13,612,363
Restricted intergovernmental	2,922,984	-	84,163	3,007,147
Sales and services	2,881,099	-	-	2,881,099
Investment earnings	143,373	35,733	-	179,106
Reimbursement from joint agency	6,336,395	-	-	6,336,395
Miscellaneous	1,409,581	599,101	-	2,008,682
Total revenues	61,611,301	634,834	84,163	62,330,298
<b>EXPENDITURES</b>				
Current:				
General government	9,646,116	120,938	-	9,767,054
Public safety	15,341,084	-	-	15,341,084
Transportation	2,525,859	-	-	2,525,859
Economic development	5,610,621	-	176,979	5,787,600
Environmental protection	1,517,044	-	-	1,517,044
Cultural and recreation	5,795,303	-	-	5,795,303
Capital outlay	5,069,444	4,442,981	-	9,512,425
Debt service:				
Principal	8,157,351	-	-	8,157,351
Interest and other charges	5,015,018	-	-	5,015,018
Total expenditures	58,677,840	4,563,919	176,979	63,418,738
Revenues over (under) expenditures	2,933,461	(3,929,085)	(92,816)	(1,088,440)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	1,436,264	18,380	1,454,644
Transfers to other funds	(1,454,644)	-	-	(1,454,644)
Proceeds from Installment financing	-	4,000,000	-	4,000,000
Refunding bonds issued	-	16,000,000	-	16,000,000
Premium/discount - refunding bonds	-	2,543,992	-	2,543,992
Deposit to Escrow Agent Account	-	(18,437,121)	-	(18,437,121)
Sale of capital assets	1,724,181	-	-	1,724,181
Donated capital	554,239	-	-	554,239
Total other financing sources (uses)	823,776	5,543,135	18,380	6,385,291
Net change in fund balances	3,757,237	1,614,050	(74,436)	5,296,851
Fund balances:				
Beginning of year	24,076,036	17,965,974	429,651	42,471,661
End of year	\$ 27,833,273	\$ 19,580,024	\$ 355,215	\$ 47,768,512

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, 2016**

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

Net changes in fund balances - total governmental funds	\$	5,296,851
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.</p>		
Capital outlay expenditures which were capitalized	\$	9,512,425
Depreciation expense for governmental assets		(8,770,367)
Capital assets disposed of during the year, not recognized on modified accrual basis, net of cost/depreciation		<u>(758,255)</u>
		(16,197)
Contributions to the pension plan in the current fiscal year are not included on the Statement of Activities		2,882
<p>Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Change in unavailable revenue for tax revenues		(128,776)
Change in interest income		38,620
Change in revenue for long term note receivable		75,789
Change in accounts receivable		(14,871)
<p>The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction has any effect on net position. Also, governmental funds report the effect of, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
New long-term debt issued		(20,000,000)
Principal payments on long-term debt		25,532,351
Increase in accrued interest payable		(197,010)
Change in reacquisition price and the net carrying amount of refunded debt		(2,263,627)
Change in deferred bond premium		(2,101,041)
<p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Compensated absences		(128,985)
Pension expense		412,568
Other post employment benefits		(2,324,713)
LEO Separation Allowance annual contribution		<u>(86,169)</u>
Total changes in net position of governmental activities	<u>\$</u>	<u>4,097,672</u>

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

**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For The Year Ended June 30, 2016**

	Original Budget	Final Budget	Actual Amounts	Variance with Final Budget Positive / (Negative)
<b>REVENUES</b>				
Ad Valorem taxes	\$ 32,710,000	\$ 32,710,000	\$ 34,174,682	\$ 1,464,682
Other taxes and licenses	135,000	100,000	130,824	30,824
Unrestricted intergovernmental	14,920,000	18,068,766	19,948,758	1,879,992
Restricted intergovernmental	1,669,532	1,932,064	1,960,796	28,732
Sales and services	2,732,404	2,815,939	2,381,099	(434,840)
Investment earnings	10,000	10,000	140,968	130,968
Miscellaneous	620,468	750,167	1,409,581	659,414
Total revenues	<u>52,797,404</u>	<u>56,386,936</u>	<u>60,146,708</u>	<u>3,759,772</u>
<b>EXPENDITURES</b>				
Current:				
General government	14,800,068	20,038,864	16,571,660	3,467,204
Public safety	16,616,289	18,201,039	17,084,695	1,116,344
Transportation	2,671,257	2,663,870	2,395,600	268,270
Environmental protection	1,734,493	2,366,620	2,197,656	168,964
Cultural and recreation	6,953,742	7,215,969	6,048,900	1,167,069
Debt service:				
Principal retirement	7,712,352	8,157,362	8,157,351	11
Interest	6,057,665	5,612,690	5,015,018	597,672
Total expenditures	<u>56,545,866</u>	<u>64,256,414</u>	<u>57,470,880</u>	<u>6,785,534</u>
Revenues over (under) expenditures	<u>(3,748,462)</u>	<u>(7,869,478)</u>	<u>2,675,828</u>	<u>10,545,306</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers from other funds	-	560,333	560,333	-
Transfers to other funds	(18,383)	(1,454,647)	(1,454,644)	3
Sale of capital assets	35,000	45,000	1,723,385	1,678,385
Donated capital	-	750,000	554,239	(195,761)
Total other financing sources (uses)	<u>16,617</u>	<u>(99,314)</u>	<u>1,383,313</u>	<u>1,482,627</u>
Fund balance appropriated	3,731,845	7,968,792	-	(7,968,792)
Net change in fund balances	<u>\$ -</u>	<u>\$ -</u>	<u>4,059,141</u>	<u>\$ 4,059,141</u>
Fund balances				
Beginning of year			<u>23,032,223</u>	
End of year			<u>\$ 27,091,364</u>	
Legally budgeted Capital Reserve and Powell Bill funds are consolidated into the General fund for reporting purposes:				
Capital Reserve fund:				
Solid waste fee			500,000	
Transfer to the General fund			(560,333)	
Powell Bill fund:				
Powell Bill distribution			962,188	
Sale of capital asset			796	
Interest income			2,405	
Operating expenditures			(263,730)	
Capital outlay			(943,230)	
Capital Reserve fund balance, beginning of year			149,614	
Powell Bill fund balance, beginning of year			894,199	
Fund balance, end of year (Exhibit 4)			<u>\$ 27,833,273</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, 2016**

	<u>Major</u>	<u>Non Major</u>	
	<u>Water and Sewer</u>	<u>Storm Water</u>	
	<u>Fund</u>	<u>Fund</u>	<u>Total</u>
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 37,438,440	\$ 1,638,955	\$ 39,077,395
Accounts receivable, net	3,794,038	286,957	4,080,995
Other receivables	166,749	-	166,749
Inventory	337,937	-	337,937
Restricted assets:			
Cash and cash equivalents	2,705,033	-	2,705,033
Total current assets	<u>44,442,197</u>	<u>1,925,912</u>	<u>46,368,109</u>
Noncurrent assets:			
Capital assets:			
Land, improvements and construction in progress	8,920,440	-	8,920,440
Other capital assets, net of depreciation	124,119,175	118,935	124,238,110
Total noncurrent assets	<u>133,039,615</u>	<u>118,935</u>	<u>133,158,550</u>
Total assets	<u>177,481,812</u>	<u>2,044,847</u>	<u>179,526,659</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Contributions to pension plan	200,215	2,820	203,035
Total deferred outflows of resources	<u>200,215</u>	<u>2,820</u>	<u>203,035</u>
<b>LIABILITIES</b>			
Current liabilities:			
Accounts payable and accrued liabilities	715,687	98,266	813,953
Customer deposits	184,547	-	184,547
Accrued interest payable	504,037	-	504,037
Compensated absences	231,453	-	231,453
Deferred bond premium	227,543	-	227,543
Loans and revenue bonds payable	4,001,376	-	4,001,376
Total current liabilities	<u>5,864,643</u>	<u>98,266</u>	<u>5,962,909</u>
Noncurrent liabilities:			
Loans and revenue bonds payable	63,920,389	-	63,920,389
OPEB payable	2,732,997	6,476	2,739,473
Compensated absences	22,124	1,863	23,987
Deferred bond premium	2,318,096	-	2,318,096
Net pension liability	269,605	4,384	273,989
Total noncurrent liabilities	<u>69,263,211</u>	<u>12,723</u>	<u>69,275,934</u>
Total liabilities	<u>75,127,854</u>	<u>110,989</u>	<u>75,238,843</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Security deposits	152,496	-	152,496
Pension deferrals	192,957	(11,287)	181,670
Total deferred inflows of resources	<u>345,453</u>	<u>(11,287)</u>	<u>334,166</u>
<b>NET POSITION</b>			
Net investment in capital assets	64,155,982	127,274	64,283,256
Unrestricted	38,052,738	1,820,691	39,873,429
Total net position	<u>\$ 102,208,720</u>	<u>\$ 1,947,965</u>	<u>\$ 104,156,685</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, 2016**

	<u>Major</u> <u>Water and Sewer</u> <u>Fund</u>	<u>Non Major</u> <u>Storm Water</u> <u>Fund</u>	<u>Total</u>
<b>OPERATING REVENUES</b>			
Charges for sales and services	\$ 21,809,590	\$ 1,604,252	\$ 23,413,842
Other operating revenues	805,751	2,480	808,231
Total operating revenues	<u>22,615,341</u>	<u>1,606,732</u>	<u>24,222,073</u>
<b>OPERATING EXPENSES</b>			
Water and sewer administration	6,767,926	-	6,767,926
Water treatment	2,019,275	-	2,019,275
Wastewater treatment	2,999,057	-	2,999,057
Storm water	-	350,476	350,476
Depreciation	4,470,724	5,972	4,476,696
Total operating expenses	<u>16,256,981</u>	<u>356,448</u>	<u>16,613,429</u>
Operating income	<u>6,358,359</u>	<u>1,250,284</u>	<u>7,608,643</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Interest income	7,641	-	7,641
Bank escrow fees	(5,500)	-	(5,500)
Interest expense	(3,092,260)	-	(3,092,260)
Availability/system development fees	2,968,832	-	2,968,832
Amortization of bond premium	227,543	-	227,543
Total nonoperating revenue (expenses)	<u>106,256</u>	<u>-</u>	<u>106,256</u>
<b>Income before contributions and transfers</b>			
Transfers from other funds	320,000	-	320,000
Transfers to other funds	-	(320,000)	(320,000)
Change in net position	6,784,615	930,284	7,714,899
Total net position, beginning	95,424,105	1,017,681	96,441,786
Total net position, ending	<u>\$ 102,208,720</u>	<u>\$ 1,947,965</u>	<u>\$ 104,156,685</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, 2016**

	<u>Major</u> <u>Water and Sewer</u> <u>Fund</u>	<u>Non Major</u> <u>Storm Water</u> <u>Fund</u>	<u>Total</u>
Cash flows from operating activities:			
Cash received from customers	\$ 22,258,575	\$ 1,775,319	\$ 24,033,894
Cash paid for goods and services	(6,591,228)	(731,721)	(7,322,949)
Cash paid to or on behalf of employees for services	(4,107,585)	(53,937)	(4,161,522)
Customer deposits received, net of returns	2,075	-	2,075
Net cash provided by operating activities	<u>11,561,837</u>	<u>989,661</u>	<u>12,551,498</u>
Cash flows from capital and related financing activities:			
Acquisition and construction of capital assets	(2,887,006)	(37,269)	(2,924,275)
Principal paid on long term debt	(3,121,142)	-	(3,121,142)
Interest paid on long term debt	(4,145,053)	-	(4,145,053)
Availability/system development fees	2,968,832	-	2,968,832
Net cash used for capital and related financing activities	<u>(7,184,369)</u>	<u>(37,269)</u>	<u>(7,221,638)</u>
Cash flows from investing activities:			
Interest on investments	7,641	-	7,641
Net increase in cash and cash equivalents	4,385,109	952,392	5,337,501
Cash and cash equivalents, July 1	35,758,364	686,563	36,444,927
Cash and cash equivalents, June 30	<u>\$ 40,143,473</u>	<u>\$ 1,638,955</u>	<u>\$ 41,782,428</u>
Reconciliation of operating income to net cash used for operating activities:			
Operating income	\$ 6,358,359	\$ 1,250,284	\$ 7,608,643
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	4,470,724	5,972	4,476,696
Pension expense	74,686	(1,149)	73,537
Changes in assets and liabilities:			
Increase in accounts receivable	(244,149)	(13,099)	(257,248)
Increase in other receivables	(19,467)	-	(19,467)
Increase in allowance for doubtful accounts	50,000	-	50,000
Increase in inventory	(45,729)	-	(45,729)
Decrease in net pension asset	358,616	-	358,616
Increase in accounts payable and accrued expenses	298,217	66,217	364,434
Increase in customer deposits and advances	2,075	-	2,075
Decrease in deferred fees	(36,192)	-	(36,192)
Increase in compensated absences	22,127	1,863	23,990
Decrease in deferred outflows of resources for pensions	(694,124)	(11,287)	(705,411)
Increase in accrued OPEB liability	407,957	6,476	414,433
Increase in pension contributions	(1,986)	-	(1,986)
Decrease in accrued interest payable	(28,882)	-	(28,882)
Increase in net pension liability	269,605	4,384	273,989
Total adjustments	<u>338,068</u>	<u>54,554</u>	<u>392,622</u>
Net cash provided by operating activities	<u>\$ 11,241,837</u>	<u>\$ 1,309,661</u>	<u>\$ 12,551,498</u>

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

**TOWN OF MOORESVILLE, NORTH CAROLINA  
STATEMENT OF NET POSITION  
FIDUCIARY FUNDS  
June 30, 2016**

	<b>Agency Funds</b>
<b>ASSETS</b>	
Cash and cash equivalents	\$ 202,260
Accounts receivable	241,608
Total assets	443,868
<b>LIABILITIES</b>	
Intergovernmental payable	443,868
Total liabilities	443,868
<b>NET POSITION</b>	
Net position held in trust	\$ -

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



**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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 for which the Town is financially accountable. 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. 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 Finance Director 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, 130 Landings Drive, Suite 102, 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 fiduciary 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, 2016**

**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 fiduciary funds. Separate statements for each fund category – *governmental, proprietary, and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as 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 licenses. The primary expenditures are for public safety, street maintenance and construction, and sanitation services. Under GASB 54 guidance the Capital Reserve Fund and Powell Bill Fund are consolidated in the General Fund. The budgetary comparison for the Powell Bill Fund and Capital Reserve Fund are included in the supplemental information.

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

The Town reports the following non-major governmental fund:

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

The Town reports the following major enterprise funds:

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

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

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

B. Basis of Presentation (cont'd)

The Town reports the following non-major enterprise fund:

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

The Town reports the following fund types:

**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.

C. Measurement Focus and Basis of Accounting

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

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

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

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

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

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

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.

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.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

D. Budgetary Data

The Town's budgets are adopted as required by the North Carolina General Statutes. An annual budget is adopted for the General Fund, the Powell Bill Fund, the Capital Reserve Fund, the Enterprise Fund and the Storm Water 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 Fund are consolidated with their respective operating fund for reporting purposes. All budgets are prepared using the modified accrual basis of accounting. Expenditures may not legally exceed appropriations at the departmental level for all annually budgeted funds and at the project level for the multi-year funds. Amendments are required for any revisions that alter total expenditures of any department or project budget and must be approved by the governing board. During the year, several amendments to the original budget were necessary. The budget ordinance must be adopted by July 1 of the fiscal year or the governing board must adopt an interim budget until the annual ordinance can be adopted.

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

1. Deposits and Investments

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

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

2. Cash and Cash Equivalents

The Town pools money from several funds to facilitate disbursement and investment and to maximize investment income. Therefore, all cash and investments are essentially demand deposits and are considered cash and cash equivalents. 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 and cash equivalents. The bank deposits of the Mooresville Travel and Tourism Authority are essentially demand deposits and are considered cash and cash equivalents.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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

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. 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. Money in the Home/Trust/CDBG fund and General Capital Reserve Fund is classified as restricted assets because it is to be used for a particular purpose. Powell Bill funds are also classified as restricted cash because it can be expended only for the purposes of maintaining, repairing, constructing, reconstructing or widening of local streets per G.S. 136-41.1 through 136-41.4.

	<u>Restricted Cash</u>
Governmental activities:	
General fund	
Customer deposits	\$ 62,941
Capital reserve	89,281
Cash bonds	124,330
LEO retirement account	292,329
Economic Development	301,202
Streets	1,099,297
Unexpended bond proceeds	<u>17,954,777</u>
Total governmental activities	<u>19,924,157</u>
Business-type activities:	
Water and Sewer fund	
Customer deposits	152,496
Unexpended bond proceeds	<u>2,552,537</u>
Total business-type activities	<u>2,705,033</u>
Total restricted cash	<u>\$ 22,629,190</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 1<sup>st</sup>, the beginning of the fiscal year. The taxes are due on September 1<sup>st</sup> (lien date); however, interest does not accrue until the following January 6<sup>th</sup>. These taxes are based on the assessed values as of January 1, 2015.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2016*

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

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

5. Allowances for Doubtful Accounts

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

6. Inventory and Prepaid Items

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

The inventories of the Town's Enterprise fund consist 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 and payroll advances.

7. Capital Assets

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

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

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

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

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

7. Capital Assets (cont'd)

Property, plant, and equipment of the Mooresville ABC Board are depreciated over their useful lives on a straight-line basis as follows:

Asset Class	Estimated Useful Life
Buildings/Structures	10-40 years
Furniture, Equipment and Software	5-10 years
Paving	8 years

Furniture and equipment, leasehold improvements and computer software of the Mooresville Travel and Tourism Authority are depreciated over their useful lives on primarily the straight-line method as follows:

Asset Class	Estimated Useful Life
Furniture and Equipment	5-7 years
Leasehold Improvements	15 years
Computer Software	3 years

8. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *Deferred Outflows of Resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an expense or expenditure until then. The Town has two items that meet the criterion for this category – contributions made to the pension plan in the 2016 fiscal year and deferred charge on refunding. 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 and deferrals of pension expense that result from the implementation of GASB Statement 68 and unavailable revenue.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

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

9. Long-Term Obligations

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

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

10. Compensated Absences

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

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

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

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

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

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

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

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

10. Compensated Absences (cont'd)

purposes. Since neither the Town nor the ABC Board has any obligation for the accumulated sick leave until it is actually taken, no accrual for sick leave has been made. The Authority's sick leave policy provides for 40 hours a year, and the unused hours carry over from year to year, and are fully vested when earned. For the Authority's government-wide fund, an expense and a liability for these compensated absences and the salary-related payments are recorded as the leave is earned. The portion of that time that is estimated to be used in the next fiscal year has been designated as a current liability in the government-wide financial statements.

11. Net Position/Fund Balances

Net Position

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

Fund Balances

In accordance with GASB 54, the governmental fund financial statements, fund balance is composed of five classifications designed to disclose the hierarchy of constraints placed on how fund balance can be spent.

The governmental fund types classify fund balances as follows:

Non-spendable Fund Balance – This classification includes amounts that cannot be spent because they are either (1) not in spendable form or (2) legally or contractually required to be maintained intact.

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

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 Statue – portion of fund balance that is restricted by State Statute [G.S. 159-8(a)].
- Restricted for Streets – Powell Bill portion of fund balance that is restricted by revenue source for street construction and maintenance expenditures. This amount represents the balance of the total unexpended Powell Bill funds.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

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

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

Fund Balances (*cont'd*)

- Restricted for Sanitation Capital Reserve – portion of fund balance that is restricted for future sanitation equipment.
- Restricted for Public Safety – Federal and State Asset Forfeiture Revenue. 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.
- 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].

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

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

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

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

The Town of Mooresville has a revenue spending policy that provides guidance for programs with multiple revenue sources. The Finance Director 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 Finance Director has the authority to deviate from this policy if it is in the best interest of the Town.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

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

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

Fund Balances (*cont'd*)

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

12. Estimates

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

13. Pensions

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

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

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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, ABC Board and 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, ABC Board, Authority or the escrow agent. Because of the inability to measure the exact amounts of collateral pledged for the Town, 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, 2016, the Town's deposits had a carrying amount of \$17,006,287 and a bank balance of \$17,822,084. Of the bank balance, 100% was covered under the Pooling Method. The Town also carries a balance of \$1,575 in petty cash. The carrying amount of deposits at two financial institutions for the ABC Board was \$1,751,159 and the bank balance was \$1,697,537. Of the bank balance, \$500,000 was covered by Federal Depository Insurance and \$1,197,537 in interest bearing deposits was covered by collateral held under the Pooling Method. At June 30, 2016, the ABC Board had \$9,000 cash on hand. At June 30, 2016, the Authority's deposits had a carrying amount of \$1,021,049, and a bank balance of \$1,031,332. Of the bank balance, \$250,000 was covered by Federal Depository Insurance and \$781,332 in interest bearing deposits was covered by collateral held under the Pooling Method.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

A. Assets (cont'd)

2. Investments

At June 30, 2016, the Town's investment balances were as follows:

Investment Type	Valuation	Book	Maturity	Rating
	Measurement	Value at		
	Method	6/30/2016		
NC Capital Management Trust-Cash Portfolio	Amortized Cost	\$ 71,442,484	N/A	AAAm
NC Capital Management Trust-Term Portfolio	Fair Value Level 1	3,698	0.14 Years	Unrated
Total		<u>\$ 71,446,182</u>		

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.

The Town has no formal policy regarding credit risk. The investment in the North Carolina Management Trust Cash Portfolio carried a credit rating of AAAM by Standard & Poor's as of June 30, 2016. 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.

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.

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

The ABC Board and the Authority consider all certificates of deposit with an original maturity of more than three months to be investments. At June 30, 2016, the ABC Board and the Authority had no investments.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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 \$82,360. Receivables at the government-wide level at June 30, 2016 were as follows:

	Accounts Receivable	Taxes and Related Accrued Interest	Due from Other Governments	Total
<b>Governmental activities:</b>				
General	\$ 681,986	\$ 2,633,802	\$ 3,523,215	\$ 6,839,003
Other governmental	226,209	-	-	226,209
Total receivables	908,195	2,633,802	3,523,215	7,065,212
Allowance for doubtful accounts	-	(489,920)	-	(489,920)
Total governmental activities	\$ 908,195	\$ 2,143,882	\$ 3,523,215	\$ 6,575,292
<b>Business-type activities:</b>				
Water and sewer	\$ 4,910,787	\$ -	\$ -	\$ 4,910,787
Storm water	286,957	-	-	286,957
Allowance for doubtful accounts	(950,000)	-	-	(950,000)
Total business-type activities	\$ 4,247,744	\$ -	\$ -	\$ 4,247,744

Amounts due from governmental agencies consist of the following:

	Other Government	State	Total
<b>Governmental activities:</b>			
Sales and use tax distribution	\$ -	\$ 1,600,065	\$ 1,600,065
Utilities, franchise and telecommunication tax	4,623	800,000	804,623
Solid waste fees	2,820	-	2,820
Gross receipts	33,430	-	33,430
Sales tax refund	-	633,939	633,939
Property taxes	263,818	-	263,818
North Carolina Department of Transportation	-	66,194	66,194
MI Connection	56,508	-	56,508
Grant reimbursements	61,818	-	61,818
Total governmental activities	\$ 423,016	\$ 3,100,198	\$ 3,523,215

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Government activities:				
Capital assets not being depreciated:				
Land	\$ 15,953,708	\$ 555,862	\$ 715,217	\$ 15,794,353
Construction in progress	5,283,342	5,832,127	7,545,146	3,570,323
Property held for resale	303,728	-	-	303,728
<b>Total</b>	<b>21,540,778</b>	<b>6,387,989</b>	<b>8,260,363</b>	<b>19,668,404</b>
Capital assets being depreciated:				
Buildings	46,744,108	211,166	-	46,955,274
Improvements	59,112,359	8,219,175	838,083	66,493,451
Equipment	11,034,741	1,038,944	125,780	11,947,905
Vehicles	16,916,409	1,200,297	965,859	17,150,847
Software	1,027,378	-	-	1,027,378
Cable system	86,144,071	-	-	86,144,071
<b>Total</b>	<b>220,979,066</b>	<b>10,669,582</b>	<b>1,929,722</b>	<b>229,718,926</b>
Less accumulated depreciation for:				
Buildings	9,189,331	936,343	-	10,125,674
Improvements	30,896,588	2,351,702	807,713	32,440,577
Equipment	7,865,007	873,797	113,113	8,625,691
Vehicles	12,608,867	1,144,757	965,859	12,787,765
Software	945,265	17,222	-	962,487
Cable system	20,651,541	3,446,546	-	24,098,087
<b>Total accumulated depreciation</b>	<b>82,156,599</b>	<b>\$ 8,770,367</b>	<b>\$ 1,886,685</b>	<b>89,040,281</b>
<b>Total capital assets being depreciated, net</b>	<b>138,822,467</b>			<b>140,678,645</b>
<b>Governmental activity capital assets, net</b>	<b>\$ 160,363,245</b>			<b>\$ 160,347,049</b>

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

A. Assets (cont'd)

4. Capital Assets (cont'd)

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

<u>Function / Program</u>	<u>Depreciation Expense</u>
General government	\$ 806,635
Transportation	1,091,115
Public safety	1,080,494
Economic and physical development	3,446,546
Environmental protection	300,979
Cultural and recreational	2,044,598
Total depreciation expense	<u>\$ 8,770,367</u>

	<u>Beginning Balances</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balances</u>
Business type activities:				
Utility Fund:				
Capital assets not being depreciated:				
Land	\$ 3,865,259	\$ 16,000	\$ -	\$ 3,881,259
Construction in progress	5,086,626	1,347,382	1,394,827	5,039,181
Total capital assets not being depreciated	<u>8,951,885</u>	<u>1,363,382</u>	<u>1,394,827</u>	<u>8,920,440</u>
Capital assets being depreciated:				
Water/Sewer Treatment Plants, equipment & lines	187,357,799	1,695,433	-	189,053,232
Equipment	7,332,558	1,260,286	153,850	8,438,994
Total capital assets being depreciated	<u>194,690,357</u>	<u>2,955,719</u>	<u>153,850</u>	<u>197,492,226</u>
Less accumulated depreciation for:				
Water/Sewer Treatment Plants, equipment & lines	63,682,158	4,087,834	-	67,769,992
Equipment	5,210,734	388,862	115,472	5,484,124
Total accumulated depreciation	<u>68,892,892</u>	<u>\$ 4,476,696</u>	<u>\$ 115,472</u>	<u>73,254,116</u>
Total capital assets being depreciated, net	<u>125,797,465</u>			<u>124,238,110</u>
Business-type activity capital assets, net	<u>\$ 134,749,350</u>			<u>\$ 133,158,550</u>

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2016*

**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, 2016. At year-end, the government's commitments with contractors are as follows:

Project	Contract Amount	Amount
		Paid/Incurred June 30, 2016
Golf Course Club House	\$ 4,949,070	\$ 196,162
Patterson/Bell Street Improvements	2,117,658	516,439
Selma Burke Center Renovation	304,500	44,770
West Wilson Avenue Improvements	275,376	46,299
Mooreville School Network Sidewalk	237,100	202,568
West McLelland Avenue Improvements	224,299	28,277
WWTP Warehouse	208,917	-
Mill Village Upgrades	207,085	20,709
Mill Village Street Improvements	176,290	35,258
NC 801/NC 150 Improvements	174,593	162,427
Liberty Park	121,000	40,775
Faith Road/NC115 Improvements	120,263	99,779
WWTP Electrical Rehabilitation	86,250	40,000
Edgemoor Park Improvements	80,300	63,091
Town Intake Structure	122,479	93,804
Mooreville Bridge Repair	48,615	-
Academy Street Park Shelter	27,024	-
NC 115/NC 150 Improvements	6,950	2,400
Total	<u>\$ 9,487,769</u>	<u>\$ 1,592,758</u>

(continued on next page)

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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, 2016, was as follows:

	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets not being depreciated:				
Land	\$ 661,345	\$ -	\$ -	\$ 661,345
Capital assets being depreciated:				
Buildings	1,966,343	24,691	-	1,991,034
Land improvements	2,000	-	-	2,000
Furniture, fixtures & equipment	473,970	91,483	77,254	488,199
Paving	10,600	-	-	10,600
Total capital assets being depreciated	<u>2,452,913</u>	<u>116,174</u>	<u>77,254</u>	<u>2,491,833</u>
Less accumulated depreciation for:				
Buildings	699,275	47,773	-	747,048
Land improvements	755	133	-	888
Furniture, fixtures & equipment	432,495	17,048	77,254	372,289
Paving	10,600	-	-	10,600
Total accumulated depreciation	<u>1,143,125</u>	<u>\$ 64,954</u>	<u>\$ 77,254</u>	<u>1,130,825</u>
Total capital assets being depreciated, net	<u>1,309,788</u>			<u>1,361,008</u>
ABC capital assets, net	<u>\$ 1,971,133</u>			<u>\$ 2,022,353</u>

Depreciation expense for the fiscal year ended June 30, 2016 amounted to \$64,954.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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, 2016, was as follows:

	Balances	Increases	Decreases	Balances
Capital assets not being depreciated:				
Land	\$ -	\$ 17,692	\$ -	\$ 17,692
Capital assets being depreciated:				
Furniture and equipment	97,075	1,000	28,605	69,470
Leasehold improvements	37,077	-	-	37,077
Computer software	7,400	-	-	7,400
Total capital assets being depreciated	141,552	1,000	28,605	113,947
Less accumulated depreciation for:				
Furniture and equipment	66,208	5,117	28,241	43,084
Leasehold improvements	2,432	2,225	-	4,657
Computer software	3,659	2,220	-	5,879
Total accumulated depreciation	72,299	\$ 9,562	\$ 28,241	53,620
Total capital assets being depreciated, net	69,253			60,327
Authority capital assets, net	\$ 69,253			\$ 78,019

Depreciation expense for the fiscal year ended June 30, 2016 amounted to \$9,562.

5. Note Receivable

The Authority had a \$426,316 outstanding promissory note receivable dated February 29, 2012 due from Mooresville BB Holdings, LLC at June 30, 2016. This note is noninterest bearing, and is payable on or before August 1, 2016. This note is secured by a Deed of Trust on 170.77-acre parcel of land wherein the Authority holds a third lien. Two payments were made by the Authority to Mooresville BB Holdings, LLC totaling \$426,316. The first payment of \$150,000 was made on August 31, 2010 and the second payment of \$276,316 was made on July 11, 2011. These payments were to be used to develop a 25 field baseball park called America's Park. America's Park was never developed and therefore this note receivable was created to reimburse the Authority for the above payments. Should America's Park, LLC not fulfill the purchase of the above parcel of land from Mooresville BB Holdings, LLC, on or before the due date of this note, the Authority will cancel this promissory note in exchange for a 7% interest in property. The fair market value of the 7% interest in the property is estimated by the Authority to equal the outstanding promissory note receivable. The note was paid in full on August 2, 2016.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

B. Liabilities

1. Payables

Payables at the government-wide level at June 30, 2016 were as follows:

	Vendors	Salaries & Benefits	Total
All governmental activities	\$ 2,213,928	\$ 756,015	\$ 2,969,943
Business-type activities:			
Water and sewer	\$ 589,751	\$ 125,936	\$ 715,687
Storm Water	96,178	2,088	98,266
Total business-type activities	\$ 685,929	\$ 128,024	\$ 813,953

2. Pension Plan and Postemployment Obligations

a. Local Governmental Employees' Retirement System

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

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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)

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

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

*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, 2016, was 7.15% of compensation for law enforcement officers and 6.74% 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 6.76% for general employees. Contributions to the pension plan from the Town and the ABC Board were \$1,410,474 and \$16,846, respectively for the year ended June 30, 2016.

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

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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, 2016, the Town and the ABC Board reported a liability of \$1,826,592 and \$14,676 respectively for their proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015, the Town's and the ABC Board's proportion was 0.4070% and 0.00327% respectively, which was an increase of .00161% and a decrease of 0.00017% respectively, from their proportion measured as of June 30, 2014.

For the year ended June 30, 2016, the Town recognized pension expense of \$490,242. At June 30, 2016, the Town reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 429,353
Net difference between projected and actual earnings on pension plan investments	-	520,025
Changes in proportion and differences between Town contributions and proportionate share of contributions	-	261,756
Town contributions subsequent to the measurement date	1,410,474	-
Total	<u>\$ 1,410,474</u>	<u>\$ 1,211,134</u>

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2016*

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

B. Liabilities (cont'd)

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

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

\$1,410,474 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	(679,179)
2018		(679,179)
2019		(678,303)
2020		825,527
2021		-
Thereafter		-

For the year ended June 30, 2016, the ABC Board recognized pension expense of \$8,109. At June 30, 2016, the ABC Board reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	\$ 3,450
Net difference between projected and actual earnings on pension plan investments	-	4,178
Changes in proportion and differences between ABC Board contributions and proportionate share of contributions	436	78
ABC Board contributions subsequent to the measurement date	16,846	-
<b>Total</b>	<u>\$ 17,282</u>	<u>\$ 7,706</u>

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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)

\$16,846 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, 2017. Other amounts reported as deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:		
2017	\$	(4,780)
2018		(4,780)
2019		(4,775)
2020		7,065
2021		-
Thereafter		-

*Actuarial Assumptions.* The total pension liability in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	4.25 to 8.55 percent, including inflation and productivity factor
Investment rate of return	7.25 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, 2014 valuation were based on the results of an actuarial experience study for the period January 1, 2005 through December 31, 2009.

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, 2016**

**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, 2015 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Fixed Income	29.0%	2.2%
Global Equity	42.0%	5.8%
Real Estate	8.0%	5.2%
Alternatives	8.0%	9.8%
Credit	7.0%	6.8%
Inflation Protection	6.0%	3.4%
Total	100%	

The information above is based on 30 year expectations developed with the consulting actuary for the 2014 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.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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)

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current contribution rate and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of the current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

*Sensitivity of the Town's and the ABC Board's proportionate share of the net pension asset to changes in the discount rate.* The following presents the Town's and the ABC Board's proportionate share of the net pension asset calculated using the discount rate of 7.25 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 (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

	1% Decrease (6.25%)	Discount Rate (7.25%)	1% Increase (8.25%)
Town's proportionate share of the net pension liability (asset)	\$ 12,737,081	\$ 1,826,592	\$ (7,365,253)
ABC Board's proportionate share of the net pension liability (asset)	\$ 102,338	\$ 14,676	\$ (59,177)

*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. 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

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2016*

**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)

the authority to establish and amend benefit provisions to the North Carolina General Assembly.

All full time law enforcement officers of the Town are covered by the Separation Allowance. At December 31, 2015 the Separation Allowance's membership consisted of:

Retirees receiving benefits	4
Terminated plan members entitled to but not yet receiving benefits	-
Active plan members	<u>76</u>
 Total	 <u><u>80</u></u>

A separate report was not issued for the plan.

*Summary of Significant Accounting Policies.*

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

The Separation Allowance has no assets accumulated in a trust that meets the following criteria which are outlines in GASB Statements 67 and 68:

- contributions to the pension plan and earnings on those contributions are irrevocable
- pension plan assets are dedicated to providing benefits to plan members
- pension plan assets are legally protected from the creditors or employers, non-employer contributing entities, the plan administer, and plan members.

*Method Used to Value Investments.* No funds are set aside to pay benefits and administration costs. These expenditures are paid as they come due.

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

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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)

The annual required contribution for the fiscal year ended June 30, 2016 was determined as part of the December 31, 2014 actuarial valuation using the projected unit credit actuarial cost method. The actuarial assumptions included (a) 5.00% investment rate of return and (b) projected salary increases of 4.25% - 7.85% per year. Both (a) and (b) included an inflation component of 3.00%. The assumptions do not include post-employment benefit increases.

*Annual Pension Cost and New Pension Obligation.* The Town's annual pension cost and net pension obligation to the Separation Allowance for the current year were as follows:

Employer annual required contribution	\$ 195,627
Interest on net pension obligation	50,642
Adjustment to annual required contribution	<u>(89,004)</u>
Annual pension cost (Based upon December 31, 2015 actuarial)	157,265
Employer contributions made for fiscal year ending 06/30/2016	<u>71,096</u>
Increase (decrease) in net pension obligation	86,169
Net pension obligation beginning of year	<u>1,012,832</u>
Net pension obligation end of year	<u><u>\$ 1,099,001</u></u>

**3 Year Trend Information**

For Year Ended June 30,	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
2014	\$ 105,241	48.01%	\$ 926,180
2015	137,182	36.83%	1,012,832
2016	157,265	45.21%	1,099,001

*Funded Status and Funding Progress.* As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and the unfunded actuarial accrued liability (UAAL) was \$2,516,482. The covered payroll (annual payroll of active employees covered by the plan) was \$4,231,434, and the ratio of the UAAL to the covered payroll was 59.5 percent.

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.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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

*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 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) 981-5454.

*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, 2016 were \$821,337 for non-law enforcement and \$198,942 for law enforcement employees. ABC Board contributions for the year ended June 30, 2016 were \$11,738 for non-law enforcement.

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

*Plan Description.* The State of North Carolina contributes, on behalf of the Town of Mooresville, to the Firemen's and Rescue Squad Workers' Pension Fund (Fund), a cost-sharing multiple-employer defined benefit pension plan with a special funding situation administered by the State of North Carolina. The Fund provides pension benefits for eligible fire and rescue squad workers who have elected to become members of the Fund. Article 86 of G.S. Chapter 58 assigns the authority to establish and amend benefit provisions to the North Carolina General Assembly. Management of the plan is vested in the LGERS Board of Trustees, which consists of 13 members- nine appointed by the Governor, one appointed by the State Senate, one appointed by the State House of Representatives, and the State Treasurer and the State Superintendent, who serve as ex-officio members. The Firemen's and Rescue Squad Workers' Pension Fund is included in the Comprehensive Annual Financial Report (CAFR) for the State of North Carolina. The State's CAFR includes financial statements and required supplementary information for the Firemen's and Rescue Squad Workers' Pension Fund. That report may be obtained by writing to the Office of the State Controller, 1410 Mail Service Center, Raleigh, North Carolina 27699-1410, or by calling (919) 981-5454, or at [www.osc.nc.gov](http://www.osc.nc.gov).

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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)

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

*Contributions.* The Town contributes \$10 per month for each plan member to the Fund. The Town's contributions totaled \$10,045 in fiscal year 2016. 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, 2015, the State contributed \$13,900,000 to the plan. The Town's proportionate share of the State's contribution is \$23,534.

*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, 2016, 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 \$61,534. The net pension liability was measured as of June 30, 2015. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of December 31, 2014. The total pension liability was then rolled forward to the measurement date of June 30, 2015 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, 2015 and at June 30, 2014 was 0%.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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)

For the year ended June 30, 2016, the Town recognized pension expense of \$4,925 and revenue of \$4,925 for support provided by the State. At June 30, 2016, 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, 2014 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3.0 percent
Salary increases	Not applicable
Investment rate of return	7.25 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.

*Discount rate.* The discount rate used to measure the total pension liability was 7.25%. 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, 2016. The plan provided retirement benefits to employees of the Authority. Member and employer contributions of \$2,080 and \$2,051 were made to the SIMPLE IRA plan during the year ended June 30, 2016, respectively.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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

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 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.

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 December 31, 2015, the date of the latest actuarial valuation:

	Law	
	General Employees	Enforcement Officers
Retirees and dependents receiving benefits	51	9
Active plan members	255	56
Total	306	65

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2016*

**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)

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

The current annual required contribution (ARC) rate is 22.0% of annual covered payroll. For the current year, the Town contributed \$541,749 or 3.4% of annual covered payroll. The Town obtains healthcare coverage through private insurers. The Town's required contributions, under a Town resolution, for employees not engaged in law enforcement and for law enforcement officers represented 2.9% and 0.5% of covered payroll, respectively. Contributions totaled \$541,749 in fiscal year 2016. Contributions made by retirees, for themselves and for dependent coverage totaled \$71,981. The Town's obligation to contribute to HCB Plan is established and may be amended by the Town Board.

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

*Annual OPEB Cost and Net OPEB Obligation.* The Town's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the Town's annual OPEB costs for the year, the amount actually contributed to the plan, and changes in the Town's net OPEB obligation for the healthcare benefits:

Annual required contribution	\$ 3,526,103
Interest on net OPEB obligation	628,498
Adjustment to annual required contribution	<u>(873,706)</u>
Annual OPEB cost (expense)	3,280,895
Contributions made	<u>(541,749)</u>
Increase (decrease) in net OPEB obligation	2,739,146
Net OPEB obligation, beginning of year	<u>15,712,462</u>
Net OPEB obligation, end of year	<u><u>\$ 18,451,608</u></u>

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2016*

**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)

The Town's annual OPEB costs, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for as of June 30, 2016 were as follows:

3 Year Trend Information			
For Year Ended June 30,	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2014	\$ 3,159,176	14.50%	\$ 13,034,499
2015	3,190,346	16.10%	15,712,462
2016	3,280,895	16.50%	18,451,608

*Funded Status and Funding Progress.* As of December 31, 2015, the most recent actuarial valuation date, the plan was not funded. The actuarial accrued liability for benefits and, thus, the unfunded actuarial accrued liability (UAAL) was \$36,853,985. The covered payroll (annual payroll of active employees covered by the plan) was \$16,011,137, and the ratio of the UAAL to the covered payroll was 230.2 percent. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and healthcare trends. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

*Actuarial Methods and Assumptions.* Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the December 31, 2015 actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.00 percent investment rate of return, which is the expected long-term investment return on the employer's own investments calculated based on the funded level of the plan at the valuation date, and an annual medical cost trend increase of 7.75 – 5.00 percent annually. The investment rate

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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)

included a 3.00 percent inflation assumption. The actuarial value of assets, if any, was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 5 year period. The UAAL is being amortized as a level dollar amount of projected payroll on an open basis. The remaining amortization period at December 31, 2015, was 30 years.

Death Benefits

The Town and the ABC Board has also elected to provide death benefits to employees through the Death Benefit Plan for members of the Local Governmental Employees' Retirement System (Death Benefit Plan), a multiple-employer, State-administered, cost-sharing plan funded on a one-year term cost basis. The beneficiaries of those employees who die in active service after one year of contributing membership in the System, or who die within 180 days after retirement or termination of service and have at least one year of contributing membership service in the System at the time of death are eligible for death benefits. Lump sum death benefit payments to beneficiaries are equal to the employee's annual salary, but not less than \$25,000 or not more than \$50,000. All death benefit payments are made from the Death Benefit Plan.

The Town and the ABC Board has no liability beyond the payment of monthly contributions. Contributions are determined as a percentage of monthly payrolls, 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, 2016, the Town made contributions to the State for death benefits of \$17,079. 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 Aetna, the healthcare 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.

g. ABC Board Pension Plan

Please see the separately issued financial report of ABC Board for a complete description of the ABC Board pension plan.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2016*

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

B. Liabilities (cont'd)

3. Deferred Outflows/Inflows of Resources

The Town has two deferred outflows of resources as of June 30, 2016. The deferred outflows of resources include the following:

<u>Source</u>	<u>Amount</u>
Contributions to pension plan in current fiscal year	\$ 1,410,474
Deferred charge on refunding	4,942,160
Total	<u>\$ 6,352,634</u>

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

Unavailable revenue	\$ 212,871
Deferred security deposits (Proprietary Fund)	152,496
Differences between expected and actual experience	429,353
Net difference between projected and actual earnings on pension plan investments	520,025
Changes in proportion and differences between employer contributions and proportionate share of contributions	261,756
Total	<u>\$ 1,576,501</u>

The balance in unavailable revenues at year-end is composed of the following elements:

Cash Bonds (General Fund)	\$ 124,330
Security Deposits (General Fund)	46,406
Gift Certificates Payable (General Fund)	16,535
Prepaid Fees (General Fund)	25,600
Total	<u>\$ 212,871</u>

4. 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 qualifications process every three years and then obtains underwriting from a carrier that is reviewed and awarded annually.

The designated insurance carrier provides general liability coverage of \$1 million per occurrence with a general aggregate of \$2 million, and the Town carries coverage of \$1 million

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

B. Liabilities (cont'd)

4. Risk Management (cont'd)

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. The Town also carries Vehicle coverage at \$1 million, Garage Keepers Risk Insurance up to \$450,000, and additional Umbrella Liability coverage with a \$4 million limit. The Town's replacement cost coverage of property is currently in the amount of \$143,201,248, which includes Inland Marine coverage at actual cash value. The Finance Director is bonded for \$100,000. For the past three years, premiums have followed market trends and claims have not exceeded coverage.

The Town carries flood insurance with a limit of \$2 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 \$550,000 with an aggregate stop-loss of liability and workers' compensation in the amount of \$800,000 which limits the liability of the Town in the event of a catastrophic claim or claims within that year.

The Town is fully insured for health coverage through Aetna. The Town pays a monthly fee per employee for coverage.

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 Town has not acquired terrorism insurance at this time. The Authority has not acquired flood insurance.

5. Claims, Judgments and Contingent Liabilities

At June 30, 2016, the Town was a defendant to various lawsuits. In the opinion of the Town's management and the Town attorney, the ultimate effect of these legal matters will not have a material adverse effect on the Town's financial position.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

B. Liabilities (cont'd)

6. Long-Term Obligations

a. Installment Purchases

Governmental Activities

In August 2006, the Town entered into an 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.

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. The financing contract required annual principal payments to begin in the fiscal year 2011 with interest payments beginning in 2008 with a 5.00 percent interest rate. In June 2015, the Town refunded the certificates of participation with Limited Obligation Bonds. The refunding amount approximated the net carrying amount of the old debt. This refinance was undertaken to achieve a net present value savings of \$3,907,491.

In September 2008, the Town entered into an 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. 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.

In May 2010, the Town entered into an 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.

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.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

B. Liabilities *(cont'd)*

6. Long-Term Obligations *(cont'd)*

a. Installment Purchases *(cont'd)*

Governmental Activities *(cont'd)*

On June 25, 2015, the Town defeased 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 old Certificates of Participation. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. On June 30, 2015, \$69,470,000 of bonds outstanding is considered defeased.

On June 9, 2016, the Town entered into an 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.

*(continued on next page)*

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2016*

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

B. Liabilities (cont'd)

6. Long-Term Obligations (cont'd)

a. Installment Purchases (cont'd)

Business Type Activities

In December 1999, the Town entered into an 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.

As of June 30, 2016, the future minimum payments of the installment purchases are:

Year Ending June 30,	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2017	\$ 5,387,284	\$ 3,664,896	\$ 85,000	\$ 18,836
2018	5,532,285	3,463,468	85,000	14,127
2019	5,717,285	3,227,048	85,000	9,418
2020	5,902,285	2,978,125	85,000	4,709
2021	6,092,285	2,721,006	-	-
2022-2026	27,687,792	9,590,372	-	-
2027-2031	23,505,000	4,438,237	-	-
2032-2036	10,090,000	415,406	-	-

Present value of  
the minimum  
principal  
payments

\$ 89,914,216

\$ 340,000

Total interest payment

\$ 30,498,558

\$ 47,090

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2016*

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

B. Liabilities (cont'd)

6. Long-Term Obligations (cont'd)

b. General Obligation Indebtedness

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

The Town's general obligation bonds payable at June 30, 2016 are comprised of the following individual issues:

Serviced by the Town's General Fund:

\$17,500,000 Streets and Recreation General Obligation Bonds, Series 2007, principal installments are due annually on April 1 with semiannual interest payments due on October 1 and April 1, at an annual interest rate of 5.0 percent.	\$ 875,000
\$15,500,000 Streets and Recreation General Obligation Bonds, Series 2009, principal installments are due on April 1 with semiannual interest payments due on October 1 and April 1, at annual interest rates ranging from 3.0 - 4.0 percent.	2,325,000
\$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.	19,000,000
\$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.	16,000,000
	\$ 38,200,000

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

B. Liabilities (cont'd)

6. Long-Term Obligations (cont'd)

b. General Obligation Indebtedness (cont'd)

As of June 30, 2016, the future minimum payments of the general obligation bonds are:

Year Ending June 30,	Principal	Interest
2017	\$ 2,650,000	\$ 1,473,738
2018	2,570,000	1,391,000
2019	2,560,000	1,286,150
2020	2,495,000	1,183,750
2021	2,505,000	1,079,000
2022-2026	12,645,000	3,589,000
2027-2031	8,775,000	1,228,450
2032-2036	4,000,000	300,000
Total	<u>\$ 38,200,000</u>	<u>\$ 11,531,088</u>

On March 29, 2016 the Town defeased General Obligation Bonds by placing the proceeds of new Refunding General Obligation Bonds, Series 2016 in an irrevocable trust to provide future debt service payments on the Series 2007 with a maturity date greater than April 2017 and Series 2009 General Obligation Bonds with a maturity date greater than April 2019. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the Town's financial statements. On June 30, 2016, \$17,375,000 of bonds outstanding is considered defeased. This refinancing was undertaken to achieve a net present value savings of \$1,710,830.

c. State Revolving Loan

In May 2010, the Town entered into a 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. Beginning in 2012, annual payments (principal and interest) of \$722,548 will be paid until 2031. Principal installments are due annually with semi-annual interest payments of 2.2 percent due May 1 and November 1.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

B. Liabilities (cont'd)

6. Long-Term Obligations (cont'd)

c. State Revolving Loan (cont'd)

As of June 30, 2016, future payments of the State revolving loan are:

Year Ending June 30,	Principal	Interest
2017	\$ 521,376	\$ 201,171
2018	532,951	189,597
2019	544,783	177,765
2020	556,877	165,671
2021	569,239	153,308
2022-2026	3,041,458	571,279
2027-2031	3,295,081	218,352
Total	<u>\$ 9,061,765</u>	<u>\$ 1,677,143</u>

d. Revenue Bonds

\$4,660,000 Enterprise Systems Revenue Bonds, Series 2010A, 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 2017, with annual interest rates ranging from 3.00 to 4.0 percent.

\$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%.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

B. Liabilities (cont'd)

6. Long-Term Obligations (cont'd)

d. Revenue Bonds (cont'd)

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.

As of June 30, 2016, the future minimum payments of the revenue bonds are:

Year Ending June 30,	Principal	Interest
2017	\$ 3,395,000	\$ 2,743,168
2018	3,280,000	2,605,769
2019	3,375,000	2,493,450
2020	3,460,000	2,351,164
2021	3,595,000	2,203,913
2022-2026	20,085,000	8,559,136
2027-2031	15,745,000	3,653,964
2032-2036	5,585,000	909,829
Total	<u>\$ 58,520,000</u>	<u>\$ 25,520,393</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, 2016 is as follows:

Operating revenues	\$ 24,222,073
Operating expenses*	<u>12,136,734</u>
Operating income	12,085,339
Non-operating revenues (expenses)**	<u>2,991,424</u>
Income available for debt service	<u>\$ 15,076,763</u>
Debt service, principal and interest paid (Revenue bonds only)	\$ 6,435,168
Debt service coverage ratio	234%

\* Per rate covenants, this does not include depreciation expense of \$4,476,696.

\*\* Per rate covenants, this does not include revenue bond interest paid of \$2,885,168.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

B. Liabilities (cont'd)

6. 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 and \$4,660,000 Taxable Enterprise System 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 \$84,040,393. Principal and interest paid for the current year and total customer net revenues were \$3,550,000 and \$2,885,168, respectively.

(continued on next page)

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

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

B. Liabilities (cont'd)

6. Long-Term Obligations (cont'd)

e. Changes in Long Term Liabilities

	Balance Balance			Balance	Current Portion of
	June 30, 2015	Increases	Decreases	June 30, 2016	Balance
<b>Governmental activities:</b>					
Installment purchase	\$ 17,006,567	\$ 4,000,000	\$ 2,042,351	\$ 18,964,216	\$ 2,282,284
Certificates of participation	74,415,000	-	3,465,000	70,950,000	3,105,000
General obligation bonds	42,225,000	16,000,000	20,025,000	38,200,000	2,650,000
<b>Deferred amounts:</b>					
Bond premium	7,059,681	2,543,992	442,950	9,160,723	575,253
Compensated absences	1,657,962	1,719,534	1,590,549	1,786,947	1,655,042
Other post employment benefits	13,387,423	2,785,199	460,486	15,712,136	-
Net pension liability(LGERS)	-	1,552,603	-	1,552,603	-
Law enforcement officers special separation allowance	1,012,832	157,265	71,096	1,099,001	-
<b>Governmental activity long-term liabilities</b>	<b>\$ 156,764,465</b>	<b>\$ 28,758,593</b>	<b>\$ 28,097,432</b>	<b>\$ 157,425,626</b>	<b>\$ 10,267,579</b>
<b>Business-type activities:</b>					
Installment purchase	\$ 425,000	\$ -	\$ 85,000	\$ 340,000	\$ 85,000
Revenue Bonds	62,070,000	-	3,550,000	58,520,000	3,395,000
<b>Deferred amounts:</b>					
Bond premium	2,773,182	-	227,543	2,545,639	227,543
State Revolving Loan	9,571,818	-	510,053	9,061,765	521,376
Other post employment benefits	2,325,039	495,695	81,262	2,739,472	-
Net pension liability(LGERS)	-	273,989	-	273,989	-
Compensated absences	231,453	283,905	259,917	255,441	231,453
<b>Business-type activity long-term liabilities</b>	<b>\$ 77,396,492</b>	<b>\$ 1,053,589</b>	<b>\$ 4,713,775</b>	<b>\$ 73,736,306</b>	<b>\$ 4,460,372</b>

At June 30, 2016, the Town of Mooresville had a legal debt margin of \$340,645,210.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2016*

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

B. Liabilities (cont'd)

6. Long-Term Obligations (cont'd)

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

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

		Mooresville Travel and Tourism Authority					
		Balance			Balance	Current	
		July 1, 2015	Increases	Decreases	June 30, 2016	Portion of	
							Balance
Governmental activities:							
Compensated absences	\$	7,890	\$ 1,440	\$ -	\$ 9,330	\$ 1,372	
Governmental activities:							
Long-term liabilities	\$	7,890	\$ 1,440	\$ -	\$ 9,330	\$ 1,372	

f. Special Assessment Revenue Bonds

In June 2015, the Town issued \$8,550,000 of Special Assessment Revenue Bonds to finance the construction of public infrastructure in the Langtree Special Improvements District. The Town is in no manner obligated to repay this special assessment debt and functions only as an agent for the property owners by remitting collections of special assessments to the Trustee. At June 30, 2016, \$8,435,000 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, 2016**

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

B. Liabilities (cont'd)

6. Long-Term Obligations (cont'd)

g. Interfund Balances and Activity

Transfers from/to other funds at June 30, 2016, consist of the following:

	Transfers	
	From	To
Operating Transfers From/To Other Funds		
Capital Reserve Fund	\$ 560,333	\$ -
General Capital Improvements Fund	-	1,436,264
Utility Capital Improvements Fund	2,548,747	4,605,001
Home/Trust/CDBG Fund	-	18,380
Storm Water Fund	320,000	-
General Fund	1,454,644	560,333
Utility Fund	4,285,001	2,548,747
Total	\$ 9,168,725	\$ 9,168,725

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

C. Net Investment in Capital Assets

	Governmental	Business
Capital Assets	\$ 160,347,049	\$ 133,158,550
less: long term debt	157,425,625	73,736,306
add: unspent debt proceeds	13,954,777	2,552,537
add: post employment benefits	15,712,136	2,739,472
add: Law Enforcement Officers Separation Allowance	1,099,001	-
add: accrued compensated absences	1,786,947	255,441
less: construction retainage	32,580	11,114
less: construction accounts payable	758,097	171,287
less: accrued interest	-	504,037
Net investment in capital assets	\$ 34,683,608	\$ 64,283,256

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2016*

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

D. Fund Balance

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

Total fund balance - General Fund	\$ 27,833,273
Less:	
Inventories	88,869
Perpetual Maintenance	25,600
Stabilization by State Statue	5,688,010
Streets-Powell Bill	652,628
Sanitation Capital Reserve	89,281
Public Safety	67,729
Supplemental Peg Channel Support	67,912
Worker's compensation and other insurance	550,000
Subsequent year's expenditures	3,906,425
Working Capital/Fund Balance Policy	13,461,347
Remaining Fund Balance	3,235,472

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

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

Encumbrances	General Fund	Non-Major Funds
	\$ 1,390,010	\$ 152,000

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
*For The Fiscal Year Ended June 30, 2016*

**NOTE 3 - JOINT VENTURES**

The Town of Mooresville and members of the Town's fire department each appoint two members to the five-member local board of trustees for the Firemen's Relief Fund. The State Insurance Commissioner appoints an additional member to the local board of trustees. The Firemen's Relief Fund is funded by portions of the fire and lightning insurance premiums that insurers remit to the State. The State passes these monies to the local board of the Firemen's Relief Fund. The funds are used to assist fire fighters in various ways. The Town obtains an ongoing financial benefit from the Fund for the on-behalf payments made to members of the Town's fire department by the board of trustees. During the fiscal year ended June 30, 2016, the Town reported revenues and expenditures for the payments of \$33,860 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, 2016. The Firemen's Relief Fund does not issue separate audited financial statements. Instead, the local board of trustees files 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.

**NOTE 5 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

Federal and State Assisted Programs

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

**NOTE 6 - COMMITMENTS**

The Town currently self-insures its workers compensation program through a third party administrator with a self-insured retention of \$550,000. The \$550,000 is shown in the financial statements as committed fund balance.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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 (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.

The audited financial statements of MIC indicate that the agency incurred a change in net position of \$1,745,594 for the year ended June 30, 2016. The Agency has a deficit net position balance of \$7,013,765 as of June 30, 2016.

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, 2016 the amount contributed by The Town of Mooresville in excess of its financial interest and due from the Town of Davidson is \$1,772,906.

**TOWN OF MOORESVILLE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For The Fiscal Year Ended June 30, 2016**

**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 provides 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 is 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. Twenty-four acres were sold as of June 30, 2016.

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 \$1,500,000 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 balance of interest and principal due per the Agreement. The Authority has made five installment payments to date. The Authority may pay the balance per the Agreement early, as long as the principal and interest are paid in full. There are no plans by the Authority to pay this Agreement early as of the release of these financial statements. The original agreement incorrectly states a total of \$1,500,000 instead of the total of \$1,700,000. The agreement will be updated to reflect an accurate total.

**NOTE 9 - SIGNIFICANT EFFECTS OF SUBSEQUENT EVENTS**

Unissued General Obligation Bonds

The Town has \$10,000,000 in Street General Obligation Bonds authorized but unissued at June 30, 2016.

Related Party Receivable

In August 2016, the Town received a payment of \$468,000 from the SICDC (sixty-five percent of the final gross sales price) for the twenty-four acres of land within the Industrial Park sold as of June 30, 2016.





## Required Supplementary Information

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

- Law Enforcement Officers' Special Separation Allowance
  - Schedule of Funding Progress
  
- Other Post Employment Benefits
  - Schedule of Funding Progress
  - Schedule of Employer Contributions
  
- Town of Mooresville's Proportionate Share of Net Pension Liability (Asset) – Last Three Fiscal Years – Local Government Employees' Retirement System
  
- Town of Mooresville's Contributions – Last Three Fiscal Years – Local Government Employees' Retirement System
  
- Town of Mooresville's Proportionate Share of Net Pension Liability – Last Two Fiscal Years – Firefighters' and Rescue Squad Workers' Pension

Please Note: The Required Supplemental Information for the Mooresville ABC Board can be found in the separately issued financial statements for the ABC Board, available from the ABC Board office (see Note I.A. to the Town statements for contact information). The schedules include Schedule of Proportionate Share of Net Pension Liability for Local Government Employees' Retirement System, Schedule of Contributions to Local Government Employees' Retirement System, Schedule of Funding Progress for Other Postemployment Benefits, and Schedule of Employer Contributions for Other Postemployment Benefits.

**TOWN OF MOORESVILLE, NORTH CAROLINA  
LAW ENFORCEMENT OFFICERS' SPECIAL SEPARATION ALLOWANCE  
REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2016**

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
12/31/11	\$ 291,407	\$ 1,160,234	\$ 868,827	25.12%	\$ 3,144,656	27.63%
12/31/12	291,641	1,283,685	992,044	22.72%	3,466,268	28.62%
12/31/13	291,875	1,394,640	1,102,765	20.93%	3,804,878	28.98%
12/31/14	292,108	1,552,222	1,260,114	18.82%	4,105,074	30.70%
12/31/15	-	2,516,482	2,516,482	0.00%	4,231,434	59.47%

**TOWN OF MOORESVILLE, NORTH CAROLINA  
OTHER POST EMPLOYMENT BENEFITS  
REQUIRED SUPPLEMENTARY INFORMATION  
June 30, 2016**

**SCHEDULE OF FUNDING PROGRESS**

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b - a)	Funded Ratio (a / b)	Covered Payroll (c)	UAAL as a % of Covered Payroll ((b - a) / c)
12/31/11	\$ -	\$ 24,476,055	\$ 24,476,055	0%	\$ 17,073,111	143.4%
12/31/12	-	28,461,079	28,461,079	0%	17,714,825	160.7%
12/31/13	-	29,919,183	29,919,183	0%	17,680,063	169.2%
12/31/14	-	31,873,407	31,873,407	0%	16,965,791	187.9%
12/31/15	-	36,853,985	36,853,985	0%	16,011,137	230.2%

**SCHEDULE OF EMPLOYER CONTRIBUTIONS**

Year Ended June 30	Annual Required Contribution	Percentage Contributed
2012	\$ 2,554,287	13.4%
2013	2,513,218	16.8%
2014	3,320,437	13.8%
2015	3,393,761	15.1%
2016	3,526,103	15.4%

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

**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Town of Mooresville's proportion of the net pension liability (asset) (%)	0.40700%	0.40539%	0.39410%
Town of Mooresville's proportion of the net pension liability (asset) (\$)	\$ 1,826,592	\$ (2,390,773)	\$ 4,750,418
Town of Mooresville's covered-employee payroll	\$ 17,093,836	\$ 19,171,273	\$ 17,898,099
Town of Mooresville's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	10.69%	(12.47)%	26.54%
Plan fiduciary net position as a percentage of the total pension liability**	98.09%	102.64%	94.35%

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

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

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

**LOCAL GOVERNMENT EMPLOYEES' RETIREMENT SYSTEM**

	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution	\$ 1,191,043	\$ 1,208,534	\$ 1,355,409
Contributions in relation to the contractually required contribution	<u>1,191,043</u>	<u>1,208,534</u>	<u>1,355,409</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Town of Mooresville's covered-employee payroll	17,671,261	17,093,836	19,171,273
Contributions as a percentage of covered-employee payroll	6.74%	7.07%	7.07%

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

**FIREFIGHTERS' AND RESCUE SQUAD WORKERS' PENSION**

	<u>2016</u>	<u>2015</u>
Town of Mooresville's proportionate share of the net pension liability (%)	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>61,534</u>	<u>50,622</u>
Total	<u>\$ 61,534</u>	<u>\$ 50,622</u>
Town of Mooresville's covered-employee payroll	\$ 4,337,747	\$ 4,212,351
Town of Mooresville's proportionate share of the net pension liability as a percentage of its covered-employee payroll	1.42%	1.20%
Plan fiduciary net position as a percentage of the total pension liability	91.40%	93.42%

\* The amounts presented are for the prior fiscal year.



## Major Governmental Fund

### General Fund

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.



**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, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Ad Valorem taxes:			
Current year, net of refunds	\$ 32,560,000	\$ 33,972,709	\$ 1,412,709
Current year, net of refunds (special district)	-	72,306	72,306
Interest	150,000	129,667	(20,333)
Total	<u>32,710,000</u>	<u>34,174,682</u>	<u>1,464,682</u>
Other taxes and licenses:			
Gross receipts	100,000	130,824	30,824
Total	<u>100,000</u>	<u>130,824</u>	<u>30,824</u>
Unrestricted intergovernmental:			
Payments in lieu of taxes (external sources)	20,000	25,013	5,013
Reimbursement from joint agency	6,933,766	6,336,395	(597,371)
Telecommunications sales tax	158,000	157,396	(604)
Utilities sales tax	2,227,000	3,357,393	1,130,393
Piped natural gas sales tax	142,000	141,343	(657)
Video programming sales tax	173,000	172,671	(329)
Local option sales tax	8,000,000	9,070,730	1,070,730
Beer and wine tax	150,000	160,096	10,096
Cable TV franchise	15,000	15,485	485
District court fee	25,000	22,236	(2,764)
ABC profit distribution	225,000	490,000	265,000
Total	<u>18,068,766</u>	<u>19,948,758</u>	<u>1,879,992</u>
Restricted intergovernmental:			
Police grants	150,927	117,524	(33,403)
Fire grants	17,640	39,204	21,564
Library grants	1,304,607	1,306,711	2,104
Development services grants	69,000	-	(69,000)
Recreation grants	99,890	-	(99,890)
NCDOT reimbursement	-	66,194	66,194
Solid waste disposal	20,000	22,953	2,953
ABC revenue for law enforcement	45,000	58,210	13,210
ABC revenue for recreation	225,000	350,000	125,000
Total	<u>1,932,064</u>	<u>1,960,796</u>	<u>28,732</u>

**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Sales and services:			
Fire	45,000	75,386	30,386
Development services	387,500	283,661	(103,839)
Cemetery	90,035	119,164	29,129
Library	77,000	74,016	(2,984)
Sanitation	500,000	503,822	3,822
Street	20,000	107,115	87,115
Recreation	1,067,700	1,214,536	146,836
Golf operations	583,704	3,399	(580,305)
Golf concessions	45,000	-	(45,000)
Total	<u>2,815,939</u>	<u>2,381,099</u>	<u>(434,840)</u>
Investment earnings:	10,000	140,968	130,968
Miscellaneous	<u>750,167</u>	<u>1,409,581</u>	<u>659,414</u>
Total revenues	<u>56,386,936</u>	<u>60,146,708</u>	<u>3,759,772</u>

**EXPENDITURES**

General government:			
General administration			
Salaries and employee benefits	3,202,626	3,018,976	183,650
Operating expenditures	667,169	490,033	177,136
Professional services	1,280,160	1,168,307	111,853
Economic development	6,482,457	5,610,621	871,836
Workers compensation/other insurance	1,141,000	860,159	280,841
Capital outlay	1,483,000	577,220	905,780
Reimbursement - proprietary funds	(1,114,087)	(1,114,087)	-
Total	<u>13,142,325</u>	<u>10,611,229</u>	<u>2,531,096</u>
Information technology			
Salaries and employee benefits	620,677	561,107	59,570
Operating expenditures	1,282,664	1,245,820	36,844
Professional services	224,886	224,424	462
Capital outlay	670,433	636,776	33,657
Reimbursement - proprietary funds	(93,364)	(93,364)	-
Total	<u>2,705,296</u>	<u>2,574,763</u>	<u>130,533</u>

**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Developmental services</b>			
Salaries and employee benefits	1,137,188	1,014,519	122,669
Operating expenditures	96,750	69,774	26,976
Professional services	639,566	346,729	292,837
Reimbursement - proprietary funds	(339,400)	(339,400)	-
<b>Total</b>	<b>1,534,104</b>	<b>1,091,622</b>	<b>442,482</b>
<b>Public service</b>			
Salaries and employee benefits	386,525	324,136	62,389
Operating expenditures	183,230	168,638	14,592
Professional services	30,735	29,742	993
Reimbursement - proprietary funds	(88,973)	(88,973)	-
<b>Total</b>	<b>511,517</b>	<b>433,543</b>	<b>77,974</b>
<b>Buildings /grounds maintenance</b>			
Salaries and employee benefits	1,106,773	1,019,202	87,571
Operating expenditures	422,350	360,939	61,411
Professional services	482,182	379,435	102,747
Capital outlay	134,317	100,927	33,390
<b>Total</b>	<b>2,145,622</b>	<b>1,860,503</b>	<b>285,119</b>
<b>Total general government</b>	<b>20,038,864</b>	<b>16,571,660</b>	<b>3,467,204</b>
<b>Public safety:</b>			
<b>Police</b>			
Salaries and employee benefits	7,315,501	6,903,223	412,278
Operating expenditures	1,000,793	933,104	67,689
Professional services	103,900	96,048	7,852
Capital outlay	298,082	259,346	38,736
<b>Total</b>	<b>8,718,276</b>	<b>8,191,721</b>	<b>526,555</b>
<b>Fire</b>			
Salaries and employee benefits	6,703,042	6,566,776	136,266
Operating expenditures	951,660	917,508	34,152
Professional services	129,192	124,425	4,767
Capital outlay	1,898,869	1,484,265	414,604
Reimbursement - proprietary funds	(200,000)	(200,000)	-
<b>Total</b>	<b>9,482,763</b>	<b>8,892,974</b>	<b>589,789</b>
<b>Total public safety</b>	<b>18,201,039</b>	<b>17,084,695</b>	<b>1,116,344</b>

**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, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Transportation:			
Streets and highways			
Salaries and employee benefits	1,147,439	1,087,364	60,075
Operating expenditures	615,725	588,138	27,587
Professional services	32,200	22,539	9,661
Capital outlay	248,189	97,882	150,307
Total	<u>2,043,553</u>	<u>1,795,923</u>	<u>247,630</u>
Fleet maintenance			
Salaries and employee benefits	535,644	523,370	12,274
Operating expenditures	107,062	95,575	11,487
Professional services	106,137	109,319	(3,182)
Capital outlay	35,650	35,589	61
Reimbursement - proprietary funds	(164,176)	(164,176)	-
Total	<u>620,317</u>	<u>599,677</u>	<u>20,640</u>
Total transportation	<u>2,663,870</u>	<u>2,395,600</u>	<u>268,270</u>
Environmental protection:			
Sanitation			
Salaries and employee benefits	1,153,433	1,063,074	90,359
Operating expenditures	419,060	377,376	41,684
Professional services	113,500	76,594	36,906
Capital outlay	680,627	680,612	15
Total environmental protection	<u>2,366,620</u>	<u>2,197,656</u>	<u>168,964</u>
Cultural and recreation:			
Parks and recreation			
Salaries and employee benefits	1,271,787	1,177,491	94,296
Operating expenditures	914,652	790,162	124,490
Professional services	988,790	802,065	186,725
Capital outlay	373,267	241,342	131,925
Total	<u>3,548,496</u>	<u>3,011,060</u>	<u>537,436</u>

**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**For the Fiscal Year Ended June 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Citizens center</b>			
Salaries and employee benefits	463,526	428,864	34,662
Operating expenditures	383,182	367,156	16,026
Professional services	134,050	87,697	46,353
Capital outlay	39,660	-	39,660
<b>Total</b>	<b>1,020,418</b>	<b>883,717</b>	<b>136,701</b>
<b>Golf course</b>			
Salaries and employee benefits	143,555	100,680	42,875
Operating expenditures	176,050	44,714	131,336
Professional services	98,225	2,445	95,780
<b>Total</b>	<b>417,830</b>	<b>147,839</b>	<b>269,991</b>
<b>Library</b>			
Salaries and benefits	1,460,030	1,349,897	110,133
Operating expenditures	652,835	596,188	56,647
Professional services	63,060	47,944	15,116
Capital outlay	53,300	12,255	41,045
<b>Total</b>	<b>2,229,225</b>	<b>2,006,284</b>	<b>222,941</b>
<b>Total cultural and recreation</b>	<b>7,215,969</b>	<b>6,048,900</b>	<b>1,167,069</b>
<b>Debt service:</b>			
Principal retirement	8,157,362	8,157,351	11
Interest and fees	5,612,690	5,015,018	597,672
<b>Total debt service</b>	<b>13,770,052</b>	<b>13,172,369</b>	<b>597,683</b>
<b>Total expenditures</b>	<b>64,256,414</b>	<b>57,470,880</b>	<b>6,785,534</b>
<b>Total revenues over (under) expenditures</b>	<b>(7,869,478)</b>	<b>2,675,828</b>	<b>10,545,306</b>
<b>Other financing sources (uses):</b>			
<b>Transfers from other funds:</b>			
Capital reserve fund	560,333	560,333	-
<b>Transfers to other funds:</b>			
Capital improvement fund	(1,436,267)	(1,436,264)	3
Home/Trust/CDBG fund	(18,380)	(18,380)	-
Sale of capital assets	45,000	1,723,385	1,678,385
Donated capital	750,000	554,239	(195,761)
<b>Total other financing sources (uses):</b>	<b>(99,314)</b>	<b>1,383,313</b>	<b>1,482,627</b>
<b>Fund balance appropriated</b>	<b>7,968,792</b>	<b>-</b>	<b>(7,968,792)</b>
<b>Net change in fund balances</b>	<b>\$ -</b>	<b>4,059,141</b>	<b>\$ 4,059,141</b>
<b>Fund balance:</b>			
Beginning of year		23,032,223	
End of year		<u>\$ 27,091,364</u>	





## Major Governmental Fund

### Capital Reserve Fund

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



**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, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Solid waste fee	\$ 500,000	\$ 500,000	\$ -
Total revenues	<u>500,000</u>	<u>500,000</u>	<u>-</u>
<b>EXPENDITURES</b>			
Capital outlay	47,362	-	47,362
Total expenditures	<u>47,362</u>	<u>-</u>	<u>47,362</u>
Total revenues over (under) expenditures	<u>452,638</u>	<u>500,000</u>	<u>47,362</u>
Other financing sources (uses)			
Transfers to other funds			
General fund	(560,333)	(560,333)	-
Total other financing sources (uses)	<u>(560,333)</u>	<u>(560,333)</u>	<u>-</u>
Fund balance appropriated	<u>107,695</u>	<u>-</u>	<u>(107,695)</u>
Net change in fund balance	<u>\$ -</u>	<u>(60,333)</u>	<u>\$ (60,333)</u>
Fund balance:			
Beginning of year		<u>149,614</u>	
End of year		<u>\$ 89,281</u>	





## Major Governmental Fund

### Powell Bill 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**  
**POWELL BILL FUND**  
**For the Fiscal Year Ended June 30, 2016**

	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>			
Powell Bill distribution	\$ 932,054	\$ 962,188	\$ 30,134
Interest income	-	2,405	2,405
Total revenues	<u>932,054</u>	<u>964,593</u>	<u>32,539</u>
<b>EXPENDITURES</b>			
Operating expenditures	331,000	263,730	67,270
Capital outlay	1,252,976	943,230	309,746
Total expenditures	<u>1,583,976</u>	<u>1,206,960</u>	<u>377,016</u>
Total revenues over (under) expenditures	<u>(651,922)</u>	<u>(242,367)</u>	<u>409,555</u>
Other financing sources (uses):			
Sale of capital asset	-	796	796
Total other financing sources (uses):	<u>-</u>	<u>796</u>	<u>796</u>
Fund balance appropriated	<u>651,922</u>	-	<u>(651,922)</u>
Net change in fund balance	<u>\$ -</u>	<u>(241,571)</u>	<u>\$ (241,571)</u>
Fund balance:			
Beginning of year		<u>894,199</u>	
End of year		<u>\$ 652,628</u>	





## Major Governmental Fund

### Capital Projects Fund

The Capital Projects Fund is used to account for streets and sidewalk improvements, a building and grounds facility, golf course renovations, cultural and recreational projects and telecommunication acquisition and improvements.



**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, 2016**

	Project Authorization	Actual			Variance Favorable (Unfavorable)
		Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental:					
Investment earnings	\$ 8,506	\$ 8,308	\$ 35,733	\$ 44,041	\$ 35,535
CMAC and discretionary funding	6,057,379	831,462	88,078	919,540	(5,137,839)
Miscellaneous	511,023	-	511,023	511,023	-
Total revenues	<u>6,576,908</u>	<u>839,770</u>	<u>634,834</u>	<u>1,474,604</u>	<u>(5,102,304)</u>
<b>EXPENDITURES</b>					
Administration expenses	403,061	203,412	120,937	324,349	78,712
Cultural and recreational:					
Golf course renovation	5,137,869	3,070,824	2,011,903	5,082,727	55,142
Edgemoor Park Improvements	798,503	-	72,121	72,121	726,382
Golf Course Club House	5,393,493	-	369,243	369,243	5,024,250
Liberty Park	121,000	-	40,775	40,775	80,225
Selma Burke Center renovation	304,500	-	44,770	44,770	259,730
Recreation Bonds - 2015	4,948,248	-	-	-	4,948,248
Streets and sidewalks:					
NC 115/NC 150 intersection improvements	1,754,750	106,437	37,299	143,736	1,611,014
Patterson/Bell Street improvements	2,158,700	33,645	517,458	551,103	1,607,597
Cornelius/Mazeppa Rd Connector	1,998,189	1,033,940	712,495	1,746,435	251,754
Mooreville School network sidewalk	1,336,750	67,986	233,008	300,994	1,035,756
Faith Road/NC 115 improvements	1,764,500	39,512	60,755	100,267	1,664,233
NC 801/ NC 150 improvements	2,202,500	100,290	62,137	162,427	2,040,073
Williamson Road improvements	1,398,500	107,440	171,184	278,624	1,119,876
Mill Village Street improvements	2,207,675	-	35,258	35,258	2,172,417
West Wilson Avenue improvements	275,376	-	46,299	46,299	229,077
West McLelland Avenue improvements	224,299	-	28,277	28,277	196,022
Street Bonds - 2015	1,581,820	-	-	-	1,581,820
Total expenditures	<u>34,009,733</u>	<u>4,763,486</u>	<u>4,563,919</u>	<u>9,327,405</u>	<u>24,682,328</u>
Revenues under expenditures	(27,432,825)	(3,923,716)	(3,929,085)	(7,852,801)	19,580,024
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from 2015 General Obligation Bonds	21,782,000	21,782,000	-	21,782,000	-
Proceeds from 2016 installment financing	4,000,000	-	4,000,000	4,000,000	-
Refunding bonds issued	16,000,000	-	16,000,000	16,000,000	-
Premium/Discount - refunding bonds	2,543,992	-	2,543,992	2,543,992	-
Payment to refunded bond escrow	(18,437,121)	-	(18,437,121)	(18,437,121)	-
Transfer from General Fund	1,543,954	107,690	1,436,264	1,543,954	-
Total other financing sources (uses)	<u>27,432,825</u>	<u>21,889,690</u>	<u>5,543,135</u>	<u>27,432,825</u>	<u>-</u>
Net change in fund balances	<u>\$ -</u>	<u>\$ 17,965,974</u>	<u>1,614,050</u>	<u>\$ 19,580,024</u>	<u>\$ 19,580,024</u>
Fund balances:					
Beginning of year			17,965,974		
End of year			<u>\$ 19,580,024</u>		





## Non-Major Governmental Funds

### Home/Trust/CDBG Funds

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

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



**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCE - BUDGET AND ACTUAL**  
**NON-MAJOR SPECIAL REVENUE FUND - HOME/TRUST/CDBG FUNDS**  
**From Inception and For the Fiscal Year Ended June 30, 2016**

	Project		Actual		Variance Favorable (Unfavorable)
	Authorization	Prior Years	Current Year	Total to Date	
<b>REVENUES</b>					
Restricted intergovernmental:					
Home Funds 12-13	\$ 79,623	\$ 25,301	\$ 50,013	\$ 75,314	\$ (4,309)
Home Funds 13-14	79,617	4,507	-	4,507	(75,110)
Home Funds 14-15	97,448	5,439	76	5,515	(91,933)
Home Funds 15-16	77,932	-	3,924	3,924	(74,008)
Program Income	105,146	374,310	30,150	404,460	299,314
Total revenues	439,766	409,557	84,163	493,720	53,954
<b>EXPENDITURES</b>					
Economic development:					
Home Projects	524,466	35,247	176,703	211,950	312,516
CDBG Projects	300	-	276	276	24
Total expenditures	524,766	35,247	176,979	212,226	312,540
Revenues over (under) expenditures	(85,000)	374,310	(92,816)	281,494	366,494
<b>OTHER FINANCING SOURCES</b>					
Transfer from General Fund	62,000	42,838	18,380	61,218	(782)
Appropriated Fund Balance	23,000	12,503	-	12,503	(10,497)
Total other financing sources	85,000	55,341	18,380	73,721	(11,279)
Revenues and other sources over expenditures	\$ -	\$ 429,651	(74,436)	\$ 355,215	\$ 355,215
Fund balances:					
Beginning of year			429,651		
End of year			\$ 355,215		





## Major Enterprise Fund

### Water and Sewer Fund

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.



**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, 2016**

	Budget	Actual	Variance Favorable (Unfavorable)
<b>REVENUES</b>			
Operating Revenues:			
Charges for services			
Water sales	\$ 8,530,657	\$ 9,777,433	\$ 1,246,776
Sewer charges	10,182,152	10,870,871	688,719
Water and sewer taps	75,000	107,618	32,618
Penalties	46,000	78,330	32,330
Fees	590,000	974,882	384,882
Miscellaneous	915,000	844,582	(70,418)
Total operating revenues	<u>20,338,809</u>	<u>22,653,716</u>	<u>2,314,907</u>
Nonoperating Revenues:			
Availability fees	950,000	2,147,552	1,197,552
System development fees	750,000	821,280	71,280
Interest on investments	5,000	7,641	2,641
Total nonoperating revenues	<u>1,705,000</u>	<u>2,976,473</u>	<u>1,271,473</u>
Total revenues	<u>22,043,809</u>	<u>25,630,189</u>	<u>3,586,380</u>
<b>EXPENDITURES</b>			
Water and Sewer Administration:			
Salaries and employee benefits	3,412,480	3,343,616	68,864
Professional services	793,378	596,478	196,900
Operating expenditures	2,534,561	2,373,688	160,873
Repairs and maintenance	340,600	275,965	64,635
Total water and sewer administration	<u>7,081,019</u>	<u>6,589,747</u>	<u>491,272</u>
Water Treatment:			
Salaries and employee benefits	986,543	936,886	49,657
Professional services	326,770	328,010	(1,240)
Operating expenditures	638,645	613,718	24,927
Repairs and maintenance	74,171	66,255	7,916
Total water treatment	<u>2,026,129</u>	<u>1,944,869</u>	<u>81,260</u>
Wastewater Treatment:			
Salaries and employee benefits	1,282,502	1,243,923	38,579
Professional services	60,350	36,622	23,728
Operating expenditures	1,356,929	1,344,478	12,451
Repairs and maintenance	307,863	272,872	34,991
Total wastewater treatment	<u>3,007,644</u>	<u>2,897,895</u>	<u>109,749</u>
Debt Service:			
Interest and other charges	4,145,054	4,145,053	1.00
Principal retirement	3,121,208	3,121,142	66
Total debt service	<u>7,266,262</u>	<u>7,266,195</u>	<u>67</u>
Capital outlay	<u>2,992,886</u>	<u>2,617,617</u>	<u>375,269</u>

**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**SCHEDULE OF REVENUES AND EXPENDITURES - BUDGET AND ACTUAL (NON-GAAP)**  
**WATER AND SEWER FUND**  
**For The Fiscal Year Ended June 30, 2016**

	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
Total expenditures	22,373,940	21,316,323	1,057,617
Revenues over expenditures	(330,131)	4,313,866	4,643,997
Other Financing Sources (Uses):			
Fund balance appropriated	4,615,132	-	(4,615,132)
Transfers from Utility Capital Projects fund	2,548,747	2,548,747	-
Transfers to other funds	(6,833,748)	(4,285,001)	2,548,747
Total other financing sources (uses)	330,131	(1,736,254)	(2,066,385)
Revenues and other sources over expenditures and other uses	\$ -	\$ 2,577,612	\$ 2,577,612

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

Total revenues and transfers in	\$ 25,630,189
Total expenditures and transfers out	23,052,577
Revenues and other financing sources over expenditures and other financing uses	2,577,612
Revenues and other financing sources under expenditures and other financing uses - Utility Capital Projects Fund	1,786,865
Reconciling items:	
Payment on debt principal	4,145,053
Change in accrued interest	28,883
Capital outlay	2,887,006
Sale of capital asset	(38,378)
Deferred bond premium	227,543
Payroll accrual	(22,121)
Increase in accrued OPEB liability	(407,959)
Deferred outflows of resources for contributions made to pension plan in current fiscal year	(834)
Pension expense	71,669
Total reconciling items	6,890,862
Depreciation	(4,470,724)
Change in net position	\$ 6,784,615



## Major Enterprise Fund

### Utility Capital Projects Fund

The Utility Capital Projects Fund is used to account for the wastewater plant expansion, pump stations and related equipment.



**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, 2016**

	Project Authorization	Actual		Total to Date	Variance Favorable (Unfavorable)
		Prior Years	Current Year		
<b>REVENUES</b>					
Nonoperating revenues:					
Interest on investments	\$ -	\$ 16,315	\$ -	\$ 16,315	\$ 16,315
Total revenues	-	16,315	-	16,315	16,315
<b>EXPENDITURES</b>					
Mount Mourne gravity sewer	3,285,000	101	32,714	32,815	3,252,185
Mill Village upgrades	4,406,505	-	20,709	20,709	4,385,796
Patterson/Bell Storm Water improvements	320,000	-	215,966	215,966	104,034
Total expenditures	8,011,505	101	269,389	269,490	7,742,015
Revenues (under) expenditures	(8,011,505)	16,214	(269,389)	(253,175)	7,758,330
<b>OTHER FINANCING SOURCES (USES)</b>					
Proceeds from 2010 Revenue Bonds	2,548,747	2,548,747	-	2,548,747	-
Transfer to Utility Fund	(2,548,747)	-	(2,548,747)	(2,548,747)	-
Transfer from Storm Water Fund	320,000	-	320,000	320,000	-
Transfer from Utility Fund	7,691,505	3,406,504	4,285,001	7,691,505	-
Total other financing sources (uses)	8,011,505	3,406,504	2,056,254	8,011,505	-
Revenues and other financial sources over (under) expenditures and other uses	\$ -	\$ 5,971,465	\$ 1,786,865	\$ 7,758,330	\$ 7,758,330





## Non-Major Enterprise Fund

### Storm Water Fund

The Storm Water Fund is used to account for the operations and maintenance of the Town's storm water program which manages storm water 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)**  
**STORM WATER FUND**  
**For The Fiscal Year Ended June 30, 2016**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>			
Operating revenues:			
Charges for services:			
Storm water fee	\$ 1,222,784	\$ 1,604,252	\$ 381,468
Miscellaneous	-	2,480	2,480
Total revenues	<u>1,222,784</u>	<u>1,606,732</u>	<u>383,948</u>
<b>EXPENDITURES</b>			
Storm Water Administration:			
Salaries and employee benefits	72,044	56,025	16,019
Professional services	419,600	167,880	251,720
Operating expenditures	130,250	122,183	8,067
Repairs and maintenance	2,500	5	2,495
Total storm water administration	<u>624,394</u>	<u>346,093</u>	<u>278,301</u>
Capital outlay	<u>278,390</u>	<u>37,269</u>	<u>241,121</u>
Total expenditures	<u>902,784</u>	<u>383,362</u>	<u>519,422</u>
Revenues over expenditures	<u>320,000</u>	<u>1,223,370</u>	<u>(135,474)</u>
Other Financing Sources (Uses):			
Transfers to other sources (uses)	<u>(320,000)</u>	<u>(320,000)</u>	<u>-</u>
Net change in fund balance	<u>\$ -</u>	<u>903,370</u>	<u>\$ (135,474)</u>
Fund balances			
Beginning of year		<u>1,017,681</u>	
End of year		<u>\$ 1,921,051</u>	
Reconciliation from budgetary basis (modified accrual) to full accrual basis:			
Total revenues and transfers in		\$ 1,606,732	
Total expenditures and transfers out		<u>(703,362)</u>	
Revenues and other financing sources over expenditures and other financing uses		<u>903,370</u>	
Reconciling items:			
Capital outlay		37,269	
Payroll accrual		(1,864)	
Increase in accrued OPEB liability		(6,476)	
Deferred outflows of resources for contributions made to pension plan in current fiscal year		2,820	
Pension expense		<u>1,137</u>	
Total reconciling items		32,886	
Depreciation		<u>(5,972)</u>	
Change in net position		<u>\$ 930,284</u>	





## Fiduciary Funds

Fiduciary 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, 2016**

	Balance June 30, 2015	Additions	Deductions	Balance June 30, 2016
<b>Travel &amp; Tourism</b>				
Assets:				
Cash and cash equivalents	\$ 196,147	\$ 1,022,024	\$ 1,015,911	\$ 202,260
Accounts receivable	93,517	101,608	93,517	101,608
	<u>\$ 289,664</u>	<u>\$ 1,123,632</u>	<u>\$ 1,109,428</u>	<u>\$ 303,868</u>
Liabilities:				
Intergovernmental payable	289,664	1,027,516	1,013,312	303,868
	<u>\$ 289,664</u>	<u>\$ 1,027,516</u>	<u>\$ 1,013,312</u>	<u>\$ 303,868</u>
<b>ABC Revenue</b>				
Assets:				
Cash and cash equivalents	\$ -	\$ 560,000	\$ 560,000	\$ -
Accounts receivable	140,000	140,000	140,000	140,000
	<u>\$ 140,000</u>	<u>\$ 700,000</u>	<u>\$ 700,000</u>	<u>\$ 140,000</u>
Liabilities:				
Intergovernmental payable	140,000	560,000	560,000	140,000
	<u>\$ 140,000</u>	<u>\$ 560,000</u>	<u>\$ 560,000</u>	<u>\$ 140,000</u>
<b>Totals - All Agency Funds</b>				
Assets:				
Cash and cash equivalents	\$ 196,147	\$ 1,582,024	\$ 1,575,911	\$ 202,260
Accounts receivable	233,517	241,608	233,517	241,608
	<u>\$ 429,664</u>	<u>\$ 1,823,632</u>	<u>\$ 1,809,428</u>	<u>\$ 443,868</u>
Liabilities:				
Intergovernmental payable	429,664	1,587,516	1,573,312	443,868
	<u>\$ 429,664</u>	<u>\$ 1,587,516</u>	<u>\$ 1,573,312</u>	<u>\$ 443,868</u>





## Additional Financial Data

This section contains additional information on property taxes.

- 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, 2016**

Fiscal Year	Uncollected Balance June 30, 2015	Additions	Collections And Credits	Uncollected Balance June 30, 2016
2015-2016	\$ -	\$ 34,060,239	\$ 33,582,492	\$ 477,747
2014-2015	457,450	-	328,258	129,192
2013-2014	168,530	-	43,990	124,540
2012-2013	219,985	-	60,859	159,126
2011-2012	198,636	-	22,837	175,799
2010-2011	172,849	-	17,689	155,160
2009-2010	167,404	-	18,493	148,911
2008-2009	94,723	-	9,631	85,092
2007-2008	83,842	-	714	83,128
2006-2007	314,754	-	470	314,284
2005-2006	48,912	-	48,912	-
Totals	<u>\$ 1,927,085</u>	<u>\$ 34,060,239</u>	<u>\$ 34,134,345</u>	<u>1,852,979</u>

Less: Allowance for uncollectible accounts:

General Fund (489,120)

Ad Valorem taxes receivable - net \$ 1,363,859

Reconcilement with revenues:

Ad Valorem taxes - General Fund \$ 34,102,376

Reconciling items:

NC VTS fees 112,724

Interest collected (129,667)

Taxes written off - state statute 48,912

Total collections and credits \$ 34,134,345

**TOWN OF MOORESVILLE, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
TOWN-WIDE LEVY  
For The Fiscal Year Ended June 30, 2016**

	Town - Wide			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 5,859,492,823	0.58	\$ 33,994,505	\$ 31,499,099	\$ 2,495,406
Penalties	-		39,698	39,698	-
Total	5,859,492,823	0.58	34,034,203	31,538,797	2,495,406
Discoveries:					
Current year taxes	30,760,495	0.58	178,411	178,411	-
Penalties	-		42,662	42,662	-
Total	30,760,495		221,073	221,073	-
Abatements	(33,432,134)		(195,036)	(195,036)	-
Total property valuation	\$ 5,856,821,184				
Net levy			34,060,239	31,564,834	2,495,406
Uncollected taxes at June 30, 2016			(477,747)	(467,787)	(9,960)
Current year's taxes collected			\$ 33,582,492	\$ 31,097,047	\$ 2,485,446
Current levy collection percentage			98.60%	98.52%	99.60%

**TOWN OF MOORESVILLE, NORTH CAROLINA  
SCHEDULE OF AD VALOREM TAXES RECEIVABLE  
MOORESVILLE DOWNTOWN SPECIAL TAX DISTRICT  
June 30, 2016**

Fiscal Year	Uncollected Balance June 30, 2015	Additions	Collections And Credits	Uncollected Balance June 30, 2016
2015-2016	\$ -	\$ 75,143	\$ 71,463	\$ 3,680
2014-2015	1,259	-	627	632
2013-2014	590	-	-	590
2012-2013	3,351	-	58	3,293
2011-2012	3,550	-	-	3,550
2010-2011	932	-	-	932
2009-2010	3,353	-	314	3,039
2008-2009	335	-	-	335
2007-2008	197	-	12	185
2006-2007	53	-	-	53
2005-2006	80	-	80	-
Totals	<u>\$ 13,700</u>	<u>\$ 75,143</u>	<u>\$ 72,554</u>	<u>16,289</u>

Less: Allowance for uncollectible accounts:

General Fund (800)

Ad Valorem taxes receivable - net \$ 15,489

Reconcilement with revenues:

Ad Valorem taxes - Mooresville Downtown District \$ 72,306

Reconciling items:

NC VTS fees 415

Interest and penalties (247)

Taxes written off 80

Total collections and credits \$ 72,554

**TOWN OF MOORESVILLE, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
MOORESVILLE DOWNTOWN SPECIAL TAX DISTRICT  
For The Fiscal Year Ended June 30, 2016**

	Mooreville Downtown			Total Levy	
	Property Valuation	Rate	Total Levy	Property Excluding Registered Motor Vehicles	Registered Motor Vehicles
Original levy:					
Property taxed at current rate	\$ 46,657,780	0.16	\$ 74,683	\$ 69,894	\$ 4,789
Penalties	-		153	153	-
Total	46,657,780	0.16	74,836	70,047	4,789
Discoveries:					
Current year taxes	226,950	0.16	363	363	-
Penalties	-		63	63	-
Total	226,950		426	426	-
Abatements	(73,888)		(119)	(119)	-
Total property valuation	\$ 46,810,842				
Net levy			75,143	70,354	4,789
Uncollected taxes at June 30, 2016			(3,680)	(3,676)	(4)
Current year's taxes collected			\$ 71,463	\$ 66,678	\$ 4,785
Current levy collection percentage			95.10%	94.78%	99.92%

**TOWN OF MOORESVILLE, NORTH CAROLINA  
SCHEDULE OF TRANSFERS  
June 30, 2016**

	<u>Transfers</u>	
	<u>From</u>	<u>To</u>
Operating Transfers From/To Other Funds		
Capital reserve fund	\$ 560,333	\$ -
General capital improvements fund	-	1,436,264
Utility capital improvements fund	2,548,747	4,605,001
Home/Trust/CDBG fund	-	18,380
Storm Water fund	320,000	-
General fund	1,454,644	560,333
Utility fund	4,285,001	2,548,747
	<hr/>	<hr/>
Total operating transfers from/to other funds	<u>\$ 9,168,725</u>	<u>\$ 9,168,725</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.....	138
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 .....	151
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.....	164
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.....	170
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 .....	174
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.	

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

	Fiscal Year					Fiscal Year				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>GOVERNMENTAL ACTIVITIES NET POSITION</b>										
Net investment in capital assets	\$ 20,680,275	\$ 27,509,608	\$ 38,823,920	\$ 27,405,521	\$ 27,464,059	\$ 35,583,120	\$ 39,411,617	\$ 41,244,263	\$ 36,765,559	\$ 34,683,608
Restricted	1,310,307	1,685,591	2,022,862	1,855,870	4,208,903	13,354,084	5,755,920	5,665,911	5,205,232	6,831,494
Unrestricted	16,311,233	17,264,639	12,103,179	21,495,884	21,669,228	5,490,861	7,800,082	5,218,716	12,566,761	17,120,122
Total governmental activities net position as restated	\$ 38,301,815	\$ 46,459,838	\$ 52,949,961	\$ 50,757,275	\$ 53,342,190	\$ 54,428,065	\$ 52,967,619	\$ 52,128,890	\$ 54,537,552	\$ 58,635,224
<b>BUSINESS-TYPE ACTIVITIES NET POSITION</b>										
Net investment in capital assets	\$ 32,391,056	\$ 44,638,067	\$ 46,002,986	\$ 46,802,620	\$ 47,919,131	\$ 56,729,563	\$ 53,868,075	\$ 60,512,165	\$ 61,846,039	\$ 64,283,256
Restricted	-	-	-	-	-	-	-	-	-	-
Unrestricted	17,641,569	9,647,369	13,122,771	18,157,978	24,096,445	23,231,249	33,685,200	32,069,569	34,595,747	39,873,429
Total business-type activities net position as restated	\$ 50,032,625	\$ 54,285,436	\$ 59,125,757	\$ 64,960,598	\$ 72,015,576	\$ 79,960,812	\$ 87,553,275	\$ 92,581,734	\$ 96,441,786	\$ 104,156,685
<b>PRIMARY GOVERNMENT NET POSITION</b>										
Net investment in capital assets	\$ 53,071,331	\$ 72,147,675	\$ 84,826,906	\$ 74,208,141	\$ 75,383,190	\$ 92,312,683	\$ 93,279,692	\$ 101,756,428	\$ 98,611,598	\$ 98,966,864
Restricted	1,310,307	1,685,591	2,022,862	1,855,870	4,208,903	13,354,084	5,755,920	5,665,911	5,205,232	6,831,494
Unrestricted	33,952,802	26,912,008	25,225,950	39,653,862	45,765,673	28,722,110	41,485,282	37,288,285	47,162,508	56,993,551
Total primary government net position, as restated	\$ 88,334,440	\$ 100,745,274	\$ 112,075,718	\$ 115,717,873	\$ 125,357,766	\$ 134,388,877	\$ 140,520,894	\$ 144,710,624	\$ 150,979,338	\$ 162,791,909



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

	Fiscal Year					Fiscal Year				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>EXPENSES</b>										
Governmental activities:										
General government	\$ 8,233,603	\$ 11,477,985	\$ 12,959,450	\$ 15,060,096	\$ 11,067,649	\$ 9,989,465	\$ 9,146,057	\$ 10,115,925	\$ 9,575,435	\$ 11,098,565
Transportation	2,118,884	2,262,643	3,746,913	3,224,833	3,191,898	3,743,392	3,907,548	3,697,371	3,768,097	3,751,166
Public safety	8,711,918	10,689,217	12,171,795	13,133,977	13,911,924	14,420,428	15,569,175	17,095,180	17,065,326	17,749,288
Economic and physical development	84,737	66,474	19,520	4,974,985	8,553,316	9,268,623	13,124,648	10,914,732	10,453,643	9,234,146
Environmental protection	1,626,753	1,717,663	2,127,205	1,591,995	1,685,486	2,149,440	1,849,663	1,973,913	1,845,431	1,951,228
Cultural and recreation	4,754,828	4,853,866	5,870,958	6,795,428	5,279,840	5,337,073	6,514,640	7,608,298	7,705,742	8,134,783
Debt service										
Interest on long-term debt	889,538	3,422,577	6,035,927	6,663,343	7,100,232	6,840,409	6,764,395	6,065,717	4,895,770	8,094,825
Total governmental activities expense:	26,420,261	34,490,425	42,931,768	51,444,657	50,790,345	51,748,830	56,876,126	57,471,136	55,309,444	60,014,001
Business-type activities:										
Utility	1,372,270	12,050,611	11,477,538	11,698,070	12,522,706	12,588,638	14,025,428	16,111,717	19,380,850	19,483,647
Total business-type activities expense:	1,372,270	12,050,611	11,477,538	11,698,070	12,522,706	12,588,638	14,025,428	16,111,717	19,380,850	19,483,647
Total primary government expenses:	\$ 27,792,531	\$ 46,541,036	\$ 54,409,306	\$ 63,142,727	\$ 63,313,051	\$ 64,337,468	\$ 70,901,554	\$ 73,582,853	\$ 74,690,294	\$ 79,497,648
<b>PROGRAM REVENUES</b>										
Governmental activities:										
Charges for services:										
General government	\$ 536,867	\$ 811,757	\$ 504,432	\$ 234,012	\$ 248,298	\$ 229,390	\$ 363,003	\$ 377,640	\$ 553,220	\$ 402,825
Transportation	-	46,443	2,550	-	9,706	227,377	58	23,419	68,638	607,115
Public safety	48,736	111,128	64,528	37,132	19,987	56,012	71,718	47,414	442,219	75,386
Environmental protection	268,318	237,404	214,182	117,188	30,565	536,765	525,698	881,593	969,627	503,822
Cultural and recreation	1,606,370	1,665,222	1,531,504	1,484,342	1,596,716	1,631,984	1,820,802	1,939,176	1,649,920	1,291,951
Operating grants and contributions:										
General government	200	-	-	2,895	259,525	256,291	200,000	-	263,000	-
Transportation	889,692	985,831	1,021,632	859,593	891,261	1,564,648	1,130,382	984,990	1,004,327	1,028,382
Public safety	188,757	216,453	586,425	194,755	236,445	185,080	1,621,206	603,461	154,385	214,938
Economic and physical development	-	418,020	350,999	235,499	72,979	138,106	112,038	75,757	252,279	84,163
Environmental protection	-	-	20,000	-	-	100,000	-	49,158	22,280	22,953
Cultural and recreation	1,569,302	2,017,183	2,470,257	1,657,198	1,497,978	1,385,730	357,367	1,530,645	1,519,269	1,656,711
Capital grants and contributions:										
Cultural and recreation	-	-	-	-	-	-	-	-	-	-
Total governmental activities program revenue:	5,108,242	6,509,441	6,766,509	4,822,614	4,863,460	6,311,383	6,202,272	6,513,253	6,899,164	5,888,246



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

	Fiscal Year					Fiscal Year				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Business-type activities:										
Charges for services:										
Utility	15,241,659	16,647,049	16,269,076	18,242,699	20,449,036	21,164,954	21,597,300	21,135,017	23,746,418	27,190,905
Capital grants and contributions:										
Utility	-	-	577,300	-	-	-	-	-	-	-
Total business-type activities program revenues:	15,241,659	16,647,049	16,846,376	18,242,699	20,449,036	21,164,954	21,597,300	21,135,017	23,746,418	27,190,905
Total primary government program revenue:	\$ 20,349,901	\$ 23,156,490	\$ 23,612,885	\$ 23,065,313	\$ 25,312,496	\$ 27,476,337	\$ 27,799,572	\$ 27,648,270	\$ 30,645,582	\$ 33,079,151
Net revenue (expense):										
Governmental activities	(21,312,019)	(27,980,984)	(36,165,259)	(46,622,043)	(45,926,885)	(45,437,447)	(50,673,854)	(50,957,883)	(48,410,280)	(54,125,755)
Business-type activities	13,869,389	4,596,438	5,368,838	6,544,629	7,926,330	8,576,316	7,571,872	5,023,300	4,365,568	7,707,258
Total primary government net revenue (expense):	\$ (7,442,630)	\$ (23,384,546)	\$ (30,796,421)	\$ (40,077,414)	\$ (38,000,555)	\$ (36,861,131)	\$ (43,101,982)	\$ (45,934,583)	\$ (44,044,712)	\$ (46,418,497)
<b>GENERAL REVENUES AND OTHER CHANGES IN NET POSITION</b>										
Governmental activities:										
Property taxes, levied for general purpose	\$ 18,367,295	\$ 22,772,622	\$ 25,756,279	\$ 27,898,329	\$ 29,002,144	\$ 28,648,157	\$ 29,172,415	\$ 28,882,113	\$ 30,275,080	\$ 31,599,081
Motor vehicle taxes	1,403,978	1,604,763	1,610,432	1,508,722	1,472,720	1,576,657	1,708,026	2,572,686	2,215,653	2,485,445
Local option sales tax	5,749,714	6,500,313	5,955,157	5,696,346	5,981,719	6,817,622	7,093,387	7,505,319	8,400,348	9,070,730
Franchise tax	1,483,056	1,507,727	1,714,517	1,834,059	2,109,112	1,959,160	2,248,853	2,293,118	3,320,539	3,828,803
Other taxes	202,782	332,906	161,403	109,436	235,231	264,290	222,861	244,574	240,417	130,824
Grants and contributions not restricted to specific programs	63,646	66,315	-	303,506	314,895	285,975	427,321	514,031	624,575	712,830
Restricted investment earnings	49,307	760,787	-	-	-	-	-	-	-	-
Unrestricted investment earnings	990,733	1,157,677	-	134,679	81,920	20,534	22,988	16,018	24,253	179,106
Unrestricted intergovernmental	-	-	384,986	-	-	-	-	-	-	-
Investment earnings	-	-	959,893	-	-	-	-	-	-	-
Reimbursement from joint agency	-	-	4,338,093	4,596,773	7,275,612	7,291,797	7,279,734	7,279,709	7,179,855	6,336,395
Miscellaneous	1,145,668	1,638,559	733,785	1,910,060	1,347,963	636,552	1,037,823	811,586	1,423,978	3,880,213
Transfers in (out)	465,000	625,000	639,300	450,000	650,000	650,000	-	-	-	-
Total governmental activities general revenue and other changes in net position	29,921,179	36,966,669	42,253,845	44,441,910	48,471,316	48,150,744	49,213,408	50,119,154	53,704,698	58,223,427



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

	Fiscal Year					Fiscal Year				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Business-type activities:										
Restricted investment earnings	-	231,528	-	-	-	-	-	-	-	-
Unrestricted investment earnings	232,832	-	-	60,488	84,071	32,013	20,591	5,159	3,737	7,641
Unrestricted intergovernmental	-	-	60,938	-	-	-	-	-	-	-
Transfers in (out)	(465,000)	(625,000)	(639,300)	(450,000)	(650,000)	(650,000)	-	-	-	-
Total business-type activities general revenues and other changes in net position	(232,168)	(393,472)	(578,362)	(389,512)	(565,929)	(617,987)	20,591	5,159	3,737	7,641
Total primary government general revenues and other changes in net position	\$ 29,689,011	\$ 36,573,197	\$ 41,675,483	\$ 44,052,398	\$ 47,905,387	\$ 47,532,757	\$ 49,233,999	\$ 50,124,313	\$ 53,708,435	\$ 58,231,068
Change in net position:										
Governmental activities	8,609,160	8,985,685	6,088,586	(2,180,133)	2,544,431	2,713,297	(1,460,446)	(838,729)	5,294,418	4,097,672
Business-type activities	13,637,221	4,202,966	4,790,476	6,155,117	7,360,401	7,958,329	7,592,463	5,028,459	4,369,305	7,714,899
Total primary government change in net position	\$ 22,246,381	\$ 13,188,651	\$ 10,879,062	\$ 3,974,984	\$ 9,904,832	\$ 10,671,626	\$ 6,132,017	\$ 4,189,730	\$ 9,663,723	\$ 11,812,571



**TOWN OF MOORESVILLE, NORTH CAROLINA  
FUND BALANCES  
GOVERNMENTAL FUNDS (UNAUDITED)  
LAST TEN FISCAL YEARS**

(modified accrual basis of accounting)

	Fiscal Year					Fiscal Year				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>MAJOR GOVERNMENTAL FUND BALANCES</b>										
General fund										
Non-spendable	\$ 26,600	\$ 26,600	\$ 26,600	\$ 26,600	\$ 26,600	\$ 29,649	\$ 60,838	\$ 87,742	\$ 87,713	\$ 114,469
Restricted	3,249,998	3,886,948	4,669,832	5,204,268	4,174,279	5,239,509	5,251,104	5,501,439	4,925,195	6,565,560
Committed	1,659,875	283,514	2,451	5,791,404	848,682	1,400,000	500,000	500,000	500,000	550,000
Assigned	-	-	-	-	-	4,402,560	5,139,182	4,672,397	4,125,925	3,906,425
Unassigned	8,808,261	16,549,975	15,141,822	13,931,963	21,180,547	16,630,459	11,692,294	11,451,840	14,437,203	16,696,819
Capital projects fund										
Committed	-	-	-	-	-	8,114,575	6,880,330	6,112,269	17,965,974	19,580,024
Assigned	3,933,568	26,731,412	34,958,382	27,713,218	11,880,627	-	-	-	-	-
Total major governmental fund balances	<u>17,678,302</u>	<u>47,478,449</u>	<u>54,799,087</u>	<u>52,667,453</u>	<u>38,110,735</u>	<u>35,816,752</u>	<u>29,523,748</u>	<u>28,325,687</u>	<u>42,042,010</u>	<u>47,413,297</u>
<b>NON-MAJOR OTHER GOVERNMENTAL FUND BALANCES</b>										
Restricted	196,260	512,122	490,787	355,710	367,137	394,234	504,816	304,013	429,651	355,215
Total non-major other governmental fund balances	<u>196,260</u>	<u>512,122</u>	<u>490,787</u>	<u>355,710</u>	<u>367,137</u>	<u>394,234</u>	<u>504,816</u>	<u>304,013</u>	<u>429,651</u>	<u>355,215</u>
Total governmental fund balances	<u>\$ 17,874,562</u>	<u>\$ 47,990,571</u>	<u>\$ 55,289,874</u>	<u>\$ 53,023,163</u>	<u>\$ 38,477,872</u>	<u>\$ 36,210,986</u>	<u>\$ 30,028,564</u>	<u>\$ 28,629,700</u>	<u>\$ 42,471,661</u>	<u>\$ 47,768,512</u>



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

	Fiscal Year					Fiscal Year				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<b>REVENUES</b>										
Taxes	\$ 26,770,180	\$ 32,225,881	\$ 34,918,154	\$ 36,407,250	\$ 38,097,104	\$ 38,075,832	\$ 39,820,262	\$ 41,422,542	\$ 44,592,272	\$ 47,234,311
Licenses and permits	98,203	256,145	161,403	111,004	160,217	150,995	222,861	244,574	240,417	130,824
Intergovernmental	3,401,064	3,873,510	4,710,025	3,208,607	3,212,363	3,886,795	3,713,515	3,608,393	3,672,429	3,559,881
Charges for services	2,460,291	2,871,954	2,317,196	1,872,674	1,905,272	2,681,528	2,781,279	3,269,242	3,683,624	2,881,099
Investment earnings	1,036,405	1,913,366	951,517	108,547	55,836	20,534	22,988	16,018	24,253	179,106
Reimbursement from joint agency	-	695,021	4,338,093	4,596,773	7,275,612	7,291,797	7,279,734	7,279,709	7,179,855	6,336,395
Miscellaneous	447,354	732,691	733,785	1,858,580	1,378,620	1,457,983	1,067,296	923,496	1,426,591	2,008,682
Total revenues	34,213,497	42,568,568	48,130,173	48,163,435	52,085,024	53,565,464	54,907,935	56,763,974	60,819,441	62,330,298
<b>EXPENDITURES</b>										
General government	7,774,092	10,307,884	10,818,498	11,518,788	9,374,576	9,137,869	8,581,993	9,676,155	8,875,722	9,767,053
Public safety	8,098,026	10,063,196	11,356,266	12,184,442	12,167,767	12,195,439	13,391,956	14,584,161	15,194,802	15,341,084
Highways and streets	1,902,484	2,004,042	2,395,658	3,211,566	2,262,691	2,691,082	2,792,506	2,503,273	2,611,808	2,525,859
Sanitation	1,439,617	1,493,698	1,644,856	1,591,995	1,358,315	1,754,680	1,516,612	1,608,775	1,491,778	1,517,044
Economic and physical development	210,907	387,157	453,737	2,227,852	5,161,257	5,972,665	9,795,595	7,400,726	6,769,892	5,787,600
Cultural and recreation	4,312,753	4,397,413	4,365,895	4,790,048	4,392,439	4,440,573	5,016,175	5,255,304	5,501,352	5,795,303
Workers compensation	-	-	-	-	-	-	-	-	-	-
Capital outlay	6,890,375	76,241,840	30,520,922	15,182,441	19,669,746	7,026,056	6,969,260	4,506,817	10,307,584	9,512,426
Debt service										
Principal	2,538,827	3,574,323	2,648,069	3,039,793	6,275,605	6,403,266	6,524,167	6,417,351	6,552,351	8,157,351
Interest	879,645	1,954,988	5,780,214	6,611,721	7,170,822	6,860,720	6,502,093	6,210,276	5,826,330	5,015,018
Total expenditures	34,046,726	110,424,541	69,984,115	60,358,646	67,833,218	56,482,350	61,090,357	58,162,838	63,131,619	63,418,738
Excess of revenues over (under) expenditures	166,771	(67,855,973)	(21,853,942)	(12,195,211)	(15,748,194)	(2,916,886)	(6,182,422)	(1,398,864)	(2,312,178)	(1,088,440)
<b>OTHER FINANCING SOURCES (USES)</b>										
Transfers in	\$ 1,900,418	\$ 1,967,118	\$ 4,651,280	\$ 4,572,610	\$ 5,957,716	\$ 4,825,292	\$ 6,177,650	\$ 4,855,296	\$ 71,030	\$ 1,454,644
Transfers out	(1,435,418)	(1,342,118)	(4,011,980)	(4,122,610)	(5,307,716)	(4,175,292)	(6,177,650)	(4,855,296)	(71,030)	(1,454,644)
Sale of Capital Assets	-	-	-	-	-	-	-	-	-	1,724,181
Donated Capital	-	-	-	-	-	-	-	-	-	554,239
Restated Fund Balance	-	(153,018)	38,966	-	-	-	-	-	-	-
Proceeds from Recovery Zone Economic Development Bonds	-	-	-	9,478,500	-	-	-	-	-	-
Proceeds from debt financing	-	80,000,000	12,550,000	-	552,903	-	-	-	-	-
Bonds issued	2,928,750	17,500,000	15,924,979	-	-	-	-	-	-	-
Proceeds from Street Anticipation Note	1,938,847	-	-	-	-	-	-	-	-	-
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
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)	5,332,597	97,971,982	29,153,245	9,928,500	1,202,903	650,000	-	-	16,154,139	6,385,291
Net change in fund balances	\$ 5,499,368	\$ 30,116,009	\$ 7,299,303	\$ (2,266,711)	\$ (14,545,291)	\$ (2,266,886)	\$ (6,182,422)	\$ (1,398,864)	\$ 13,841,961	\$ 5,296,851
Debt service as a percentage of noncapital expenditures	12.59%	16.18%	21.36%	21.36%	27.92%	26.82%	24.07%	23.53%	23.43%	24.44%





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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Alcoholic Beverage Tax</b>	<b>Total</b>
2007	\$ 19,432,831	\$ 5,749,714	\$ 1,483,056	\$ 104,579	\$ 26,770,180
2008	24,094,901	6,500,313	1,507,727	122,940	32,225,881
2009	27,124,206	5,955,157	1,714,517	124,274	34,918,154
2010	28,833,574	5,696,346	1,834,059	43,271	36,407,250
2011	29,870,539	5,981,719	2,109,112	135,734	38,097,104
2012	29,156,720	6,817,622	1,959,160	142,330	38,075,832
2013	30,343,223	7,093,387	2,248,853	134,799	39,820,262
2014	31,474,456	7,505,319	2,293,118	149,649	41,422,542
2015	32,703,699	8,400,348	3,320,539	167,686	44,592,272
2016	34,174,682	9,070,730	3,828,803	160,096	47,234,311

**TABLE 6**

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

<b>Fiscal Year</b>	<b>Property Tax</b>	<b>Sales Tax</b>	<b>Franchise Tax</b>	<b>Solid Waste Tax<sup>1</sup></b>	<b>Alcoholic Beverage Tax</b>	<b>Cable Franchise Tax</b>	<b>Privilege License<sup>3</sup></b>	<b>Total</b>
2007	\$ 19,771,273	\$ 5,749,714	\$ 1,483,056	\$ -	\$ 104,579	\$ 64,527	\$ 33,676	\$ 27,206,825
2008	24,377,385	6,500,313	1,507,727	-	122,940	157,012	52,954	\$ 32,718,331
2009	27,366,711	5,955,157	1,714,517	8,329	124,274	9,749	97,729	\$ 35,276,466
2010	29,407,051	5,696,346	1,834,059	20,614	43,271	12,617	32,934	\$ 37,046,892
2011	30,474,864	5,981,719	2,109,112	25,487	135,734	15,508	58,502	\$ 38,800,926
2012	30,224,814	6,817,622	1,959,160	17,269	142,330	13,120	47,571	\$ 39,221,886
2013	30,880,441	7,093,387	2,248,853	20,913	134,799	16,649	82,487	\$ 40,477,529
2014	31,454,799	7,505,319	2,293,118	19,158	149,649	15,961	145,586	\$ 41,583,590
2015	30,275,080	8,400,348	3,320,539	22,280	167,686	13,979	121,668	\$ 42,321,580
2016	31,599,081	9,070,730	3,828,803	22,953	160,096	15,485	-	\$ 44,697,148

<sup>1</sup> Fiscal year 2009 was the first year of tax.

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



TABLE 7

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

Fiscal Year	PROGRAM REVENUES			GENERAL REVENUES						Total
	Charges for Services	Operational Grants and Contributions	Capital Grants and Contributions	Taxes	Grants and Contributions Not Restricted to Specific Programs	Investment Earnings	Reimbursements From Joint Agency	Miscellaneous		
2007	\$ 2,460,291	\$ 2,647,951	\$ -	\$ 27,270,471	\$ -	\$ 1,040,040	\$ -	\$ 1,145,668	\$ 34,564,421	
2008	2,871,954	3,637,487	-	32,784,646	-	1,918,464	-	1,638,559	42,851,110	
2009	2,317,196	4,449,313	-	35,197,788	384,986	959,893	4,338,093	733,785	48,381,054	
2010	1,872,674	2,949,940	-	37,046,892	303,506	134,679	4,596,773	1,910,060	48,814,524	
2011	1,905,272	2,958,188	-	38,800,926	314,895	81,920	7,275,612	1,347,963	52,684,776	
2012	2,681,528	3,629,855	-	39,265,886	285,975	20,534	7,291,797	636,552	53,812,127	
2013	2,781,279	3,420,993	-	31,103,302	9,769,561	22,988	7,279,734	1,037,823	55,415,680	
2014	3,269,242	3,244,011	-	31,699,373	10,312,468	16,018	7,279,709	811,586	56,632,407	
2015	3,683,624	3,215,540	-	32,731,150	12,345,462	24,253	7,179,855	1,423,978	60,603,862	
2016	2,881,099	3,007,147	-	34,215,350	13,612,363	179,106	6,336,395	3,880,213	64,111,673	





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

<b>Fiscal Year</b>	<b>Real and Personal Property</b>	<b>Public Service Companies</b>	<b>Total Assessed Value</b>	<b>Rate per \$100</b>	<b>Levy</b>
2007	\$ 3,482,950,952	\$ 40,618,344	\$ 3,523,569,296	0.55	\$ 19,584,160
2008	4,382,568,337	44,091,283	4,426,659,620	0.58	24,124,290
2009	4,685,054,694	46,242,473	4,731,297,167	0.58	27,487,642
2010	4,985,224,762	48,984,018	5,034,208,780	0.58	29,268,735
2011	5,095,969,380	47,413,126	5,143,382,506	0.58	29,909,020
2012	4,958,004,191	49,763,305	5,007,767,496	0.58	29,086,412
2013	5,163,347,004	49,851,054	5,213,198,058	0.58	30,273,297
2014	5,067,299,669	46,135,360	5,113,435,029	0.58	29,696,473
2015	5,494,686,933	42,002,485	5,536,689,418	0.58	32,174,693
2016	5,801,308,009	55,513,175	5,856,821,184	0.58	34,060,239

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Town Rate</u>	<u>Overlapping Rates</u> <sup>1</sup>			<u>Total Town &amp; Overlapping Rates</u>
			<u>Town of Mooresville Downtown District</u>	<u>Iredell County</u>	<u>Mooresville Graded School District</u>	
2007	2006	0.55	0.16	0.445	0.135	1.29
2008	2007	0.58	0.16	0.445	0.135	1.32
2009	2008	0.58	0.16	0.445	0.135	1.32
2010	2009	0.58	0.16	0.445	0.135	1.32
2011	2010	0.58	0.16	0.485	0.135	1.36
2012	2011	0.58	0.16	0.485	0.185	1.41
2013	2012	0.58	0.16	0.485	0.185	1.41
2014	2013	0.58	0.16	0.485	0.185	1.41
2015	2014	0.58	0.16	0.5275	0.185	1.45
2016	2015	0.58	0.16	0.5275	0.185	1.45

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

**TOWN OF MOORESVILLE, NORTH CAROLINA  
ANALYSIS OF CURRENT TAX LEVY  
SECONDARY MARKET DISCLOSURES  
FOR THE YEAR ENDED JUNE 30, 2016**

Assessed valuation:

Assessment ratio <sup>1</sup>	100.00%
Real property	\$ 5,801,308,009
Public service companies <sup>2</sup>	<u>55,513,175</u>
Total assessed valuation	5,856,821,184
Tax rate per \$100	<u>0.58</u>
Levy (includes discoveries, releases, penalties and abatements)	<u>\$ 34,060,239</u>

<sup>1</sup> Percentage of appraised value has been established by statute.

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

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

Taxpayer	Type of Enterprise	2016			2006		
		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	\$ 315,238,939	1	5.38%	\$ 127,952,518	1	4.81%
NGK Ceramics USA, Inc.	Ceramic Automobile Parts Manufacturer	210,352,001	2	3.59%	101,716,959	2	3.82%
Lake Norman Regional Medical Center	Hospital and Medical Offices	95,243,211	3	1.63%	59,399,592	4	2.23%
Cardinal FG	Flat Glass Manufacturer	81,130,640	4	1.39%	66,809,471	3	2.51%
Langtree Development Company	Land Development	69,383,560	5	1.18%			
Niagara Bottling, LLC	Water Bottling	66,155,364	6	1.13%			
Pactiv Corporation	Disposable Food Service Products	52,710,187	7	0.90%	56,431,819	5	2.12%
Buffalo-Mooresville, LLC	Land Development	41,575,840	8	0.71%	36,428,120	6	1.37%
Bestco Inc.	Candy Factory	40,382,307	9	0.69%			
Penske Racing, Inc.	Motorsports Related Company	36,350,917	10	0.62%			
Atlas Corporation/FNA Polymer Corporation	Fabric				34,949,871	7	1.31%
Morrison Plantation, LLC	Land Development				32,277,880	8	1.21%
RockTenn	Corrugated Boxes				24,640,703	9	0.93%
Inland Southeast Winslow Bay	Land Development				22,055,590	10	0.83%
Total		<u>\$ 1,008,522,966</u>		<u>17.22%</u>	<u>\$ 562,662,523</u>		<u>21.16%</u>

Source: Iredell County Tax Assessor



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

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy
2007	2006	\$ 19,584,160	\$ 18,759,184	95.79%	\$ 557,156	\$ 19,316,340	98.63%
2008	2007	24,124,290	23,405,517	97.02%	635,299	24,040,816	99.65%
2009	2008	27,640,462	26,608,111	96.27%	946,543	27,554,654	99.69%
2010	2009	29,268,735	27,901,315	95.33%	1,217,827	29,119,142	99.49%
2011	2010	29,909,020	28,674,844	95.87%	955,413	29,630,257	99.07%
2012	2011	29,086,412	27,966,728	96.15%	793,804	28,760,532	98.88%
2013	2012	30,273,297	29,320,767	96.85%	648,539	29,969,306	99.00%
2014	2013	29,696,473	29,069,219	97.89%	484,292	29,553,511	99.52%
2015	2014	32,174,693	31,717,243	98.58%	216,849	31,934,092	99.25%
2016	2015	34,060,239	33,582,492	98.60%	-	33,582,492	98.60%



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

Fiscal Year	Governmental Activities						Business-type Activities <sup>1</sup>				Total Primary Government	Percentage of Personal Income <sup>2</sup>	Per Capita <sup>3</sup>
	Installment Financing	Certificates of Participation	Bond Premium COPS	General Obligation Bonds	Bond Premium GOB	Bond Premium LOB	Installment Financing	Revenue Bonds	Bond Premium	State Revolving Loan			
2007	\$ 8,231,483	\$ 13,315,000	\$ 77,856	\$ -	\$ -	\$ -	\$ 2,081,250	\$ 61,510,000	\$ -	\$ -	\$ 85,215,589	9.95%	\$ 3,193
2008	5,657,225	92,315,000	(23,350)	17,500,000	100,130	-	1,996,250	59,310,000	-	-	176,855,254	19.25%	6,401
2009	16,559,123	91,315,000	(23,003)	33,000,000	516,386	-	1,873,702	57,045,000	-	-	200,286,207	19.66%	6,605
2010	25,212,813	90,750,000	(22,656)	30,475,000	489,955	-	1,713,605	80,215,000	-	-	228,833,717	23.24%	7,430
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	21.88%	7,057
2012	23,165,436	85,715,000	(21,962)	27,175,000	437,094	509,602	680,000	72,365,000	3,455,811	11,036,471	224,517,452	19.79%	6,725
2013	20,981,271	83,025,000	(21,614)	25,525,000	410,663	478,420	595,000	69,075,000	3,228,268	10,558,932	213,855,940	17.32%	6,251
2014	19,008,918	80,230,000	(21,267)	23,875,000	384,232	447,239	510,000	65,620,000	3,000,725	10,070,794	203,125,641	15.95%	5,778
2015	17,006,567	74,415,000	48,774	42,225,000	2,102,676	4,908,231	425,000	62,070,000	2,773,182	9,571,818	215,546,248	14.53%	5,919
2016	18,964,216	70,950,000	45,139	38,200,000	4,488,100	4,627,484	340,000	58,520,000	2,545,639	9,061,765	207,742,343	-	5,704

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

<sup>1</sup> Fiscal year 2007 includes Bond Anticipation Notes issued on April 24, 2007 and repaid on October 24, 2007 from a \$4,000,000 bond issue sold on October 23, 2007.

<sup>2</sup> Fiscal year 2016 data not available at June 30, 2016.

<sup>3</sup> See Table 17 for personal income and population data. These ratios are calculated using personal income and population for the calendar year.



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

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Percentage Of Assessed Value</b>	<b>Per Capita</b>
	<b>General Obligation Bonds</b>	<b>Bond Premium GOB</b>		
2008	\$ 17,500,000	\$ 100,130	0.40%	\$ 633
2009	33,000,000	516,386	0.70%	1,088
2010	30,475,000	489,955	0.61%	990
2011	28,825,000	463,524	0.56%	878
2012	27,175,000	437,094	0.54%	814
2013	25,525,000	410,663	0.49%	746
2014	23,875,000	384,232	0.47%	679
2015	42,225,000	2,102,676	0.76%	1,173
2016	38,200,000	4,488,100	0.65%	1,061

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

<b>Fiscal Year</b>	<b>Debt Limit</b>	<b>Total Net Debt Service Applicable to Limit</b>	<b>Legal Debt Margin</b>	<b>Legal Debt Margin as a Percent of Debt Limit</b>
2007	273,306,492	21,546,483	251,760,009	92.12%
2008	343,887,617	115,472,159	228,415,458	66.42%
2009	366,782,889	140,874,123	225,908,766	61.59%
2010	389,553,139	147,312,813	242,240,326	62.18%
2011	399,425,205	142,453,700	256,971,505	64.34%
2012	394,406,818	136,055,436	258,351,382	65.50%
2013	409,629,819	129,531,271	280,098,548	68.38%
2014	398,619,251	123,113,918	275,505,333	69.11%
2015	442,056,670	133,646,567	308,410,103	69.77%
2016	468,759,426	128,114,216	340,645,210	72.67%

Legal debt margin calculation for fiscal year 2016:

Assessed valuation	\$ 5,859,492,823	
	<u>8.00%</u>	
Debt limit - 8.0% of assessed value		\$ 468,759,426
Total amount of debt applicable to debt limit (net debt)		<u>128,114,216</u>
Legal debt margin		<u>\$ 340,645,210</u>

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

Fiscal Year	Operating Revenues	Operating Expenses <sup>1</sup>	Nonoperating Rev/(Exp) <sup>2</sup>	Net Revenue Available for Debt Service	Debt Service Requirements <sup>3</sup>			Coverage
					Principal	Interest	Total	
2007	\$ 12,638,768	\$ 5,335,078	\$ 4,221,093	\$ 11,524,783	\$ 2,190,000	\$ 2,799,586	\$ 4,989,586	2.31
2008	13,777,818	8,464,267	3,408,967	8,722,518	2,200,000	2,723,886	4,923,886	1.77
2009	14,822,896	8,410,663	2,489,368	8,901,601	2,265,000	2,665,161	4,930,161	1.81
2010	17,146,607	7,642,027	1,305,936	10,810,516	2,315,000	2,577,211	4,892,211	2.21
2011	19,277,928	8,142,366	1,117,866	12,253,428	3,085,000	3,868,344	6,953,344	1.76
2012	19,466,131	8,045,971	1,569,048	12,989,208	3,175,000	3,709,867	6,884,867	1.89
2013	19,806,300	9,936,910	1,756,118	11,625,508	3,290,000	3,246,918	6,536,918	1.78
2014	19,635,753	10,290,693	1,467,682	10,812,742	3,455,000	3,133,768	6,588,768	1.64
2015	21,535,846	11,949,136	2,188,704	11,775,414	3,550,000	3,027,168	6,577,168	1.79
2016	24,222,073	12,136,734	2,991,424	15,076,763	3,550,000	2,885,168	6,435,168	2.34

<sup>1</sup> Operating expenses exclusive of depreciation.

<sup>2</sup> Does not include revenue bond interest expense.

<sup>3</sup> Includes principal and interest of water/sewer revenue bonds only. It does not include installment financing



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

<b>Fiscal Year</b>	<b>Calendar Year</b>	<b>Population<sup>1</sup></b>	<b>Personal Income</b>	<b>Per Capita Income<sup>2</sup></b>	<b>Unemployment Rate<sup>3</sup></b>	<b>Building Permits Issued<sup>4</sup></b>	<b>New Industry Investment (thousands)<sup>5</sup></b>
2007	2006	26,689	\$ 856,450,010	32,090	4.4%	3,635	\$ 85,250
2008	2007	27,628	918,796,768	33,256	4.6%	3,521	71,750
2009	2008	30,324	1,018,643,808	33,592	6.4%	2,604	412,827
2010	2009	30,797	984,487,699	31,967	12.2%	2,251	112,200
2011	2010	32,848	1,059,249,456	32,247	11.6%	1,792	187,200
2012	2011	33,387	1,134,256,551	33,973	10.1%	1,557	166,703
2013	2012	34,209	1,234,500,183	36,087	9.2%	1,840	624,250
2014	2013	35,156	1,273,385,476	36,221	6.5%	2,070	16,950
2015	2014	36,419	1,483,964,993	40,747	5.5%	2,313	45,274
2016	2015	36,419	-	-	4.6%	2,919	61,500

<sup>1</sup> Fiscal year 2016/calendar year 2015 is a projection of the North Carolina Office of State Budget and Management as of July 1, 2015. Data for the fiscal year 2015 projection is currently unavailable as of June 30, 2016, therefore fiscal year 2015 figures were used.

<sup>2</sup> 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 2015/2016 as of June 30, 2016.

<sup>3</sup> Information on the Town of Mooresville alone was not available for the fiscal years 2006 - 2014. The data presented during this time is for Iredell County. Town of Mooresville information began in fiscal year 2015. All information collected is from the North Carolina Employment Security Commission.

<sup>4</sup> 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.

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



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

Company or Institution	Service or Product	2016			2006 <sup>3</sup>		
		Approximate Number of Employees <sup>1</sup>	Rank	Percentage of Total Employment <sup>2</sup>	Approximate Number of Employees <sup>1</sup>	Rank	Percentage of Total Employment <sup>2</sup>
<b>Manufacturing:</b>							
NGK Ceramics USA, Inc.	Ceramic Automobile Parts	650	1	0.81%	450	1	0.60%
BestCo Inc.	Candy	450	2	0.56%	300	2	0.40%
Penske Racing, Inc.	Motorsports Related Company	350	3	0.44%			
Carolina Beverage Group	Brewery	270	4	0.34%			
Pactiv Corporation	Disposable Food Service Products	210	5	0.26%	257	3	0.34%
PGI Non-Wovens	Polypropylene Non-Wovens	170	6	0.21%	170	5	0.23%
Roush Yates Performance Racing	Race Engines	165	7	0.21%			
Cardinal FG	Flat Glass	150	8	0.19%	242	4	0.32%
Niagara Bottling	Bottled Water	130	9	0.16%			
RockTenn	Corrugated Boxes	100	10	0.12%	150	6	0.20%
Service Partners, Inc.	Gas Logs, Ceiling Tiles, Insulation				150	6	0.20%
L.B. Plastics, Inc.	PVC Profile Extrusions				145	8	0.19%
Custom Products, Inc.	Airline Seats & Cushions				143	9	0.19%
Michael Weinig, Inc.	Wood Processing Products				130	10	0.17%
		2,645		3.30%	2,137		2.85%
<b>Non-Manufacturing:</b>							
Lowe's Companies, Inc.	Home Improvement- Corporate	1,800	1	2.25%	1,950	1	2.60%
Lake Norman Regional Medical Center	Hospital and Medical Offices	800	2	1.00%	930	2	1.24%
Mooresville Graded School District	Local School System	665	3	0.83%	465	4	0.62%
Wal-Mart Supercenter	Retail Store	500	4	0.62%	500	3	0.67%
Town of Mooresville	Local Government	490	5	0.61%	250	6	0.33%
Lowe's YMCA	Charitable Organization	250	6	0.31%			0.00%
Nestle USA	Food Provider	250	7	0.31%			0.00%
Super Target	Retail Store	230	8	0.29%	350	5	0.47%
Keller Williams	Real Estate	200	9	0.25%			0.00%
Randy Marion	Car Dealership	200	9	0.25%			0.00%
Lowe's Company, Inc.	Retail Store				175	7	0.23%
Overcash Electric, Inc.	Electrical Contracting				175	7	0.23%
NASCAR Technical Institute	Automotive Repair Technical School				150	8	0.20%
Kohl's Department Store	Retail Store				150	8	0.20%
		5,385		6.72%	5,095		6.81%

<sup>1</sup> Source: Mooresville-South Iredell Economic Development Corporation.

<sup>2</sup> Total employment is not available for the Town of Mooresville. Therefore, is based on Iredell County total employment.

<sup>3</sup> Employment information is not available for 2007.



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

Function	Fiscal Year					Fiscal Year				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
General government	60	69	72	72	73	68	70	74	78	80
Public safety	127	153	160	162	162	169	173	182	187	191
Transportation	23	26	26	26	26	27	29	29	29	29
Environmental protection	17	20	20	20	20	22	22	22	22	22
Cultural	48	50	50	50	52	46	52	50	46	52
Water/sewer administration	28	26	27	29	29	29	29	29	29	31
Water treatment	8	12	12	12	12	12	12	12	13	13
Wastewater treatment	13	13	16	18	18	18	18	18	19	19
<b>Total</b>	<b>324</b>	<b>369</b>	<b>383</b>	<b>389</b>	<b>392</b>	<b>391</b>	<b>405</b>	<b>416</b>	<b>423</b>	<b>437</b>

Source: Fiscal Year 2016 Town of Mooresville Approved Budget Report.



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

Function	Fiscal Year					Fiscal Year				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Physical arrests	1,382	1,459	1,617	2,111	1,882	1,907	1,867	1,785	1,733	1,659
Parking violations <sup>1</sup>	-	83	150	65	107	181	93	102	112	43
Citations written	6,332	6,673	8,060	8,804	7,300	8,539	7,748	8,847	7,119	5,512
Fire										
Number of calls answered	2,756	3,120	2,846	2,712	3,397	3,004	3,203	3,745	4,459	5,626
Inspections	1,129	813	1,922	1,994	2,186	4,063	4,063	4,137	3,477	1,225
Streets										
Street resurfacing (miles)	1	3	2	2	2	2	2	2	3	4
Sanitation										
Refuse collected (tons/day)	60	61	60	58	54	51	49	50	52	56
Yard debris collected (tons/day) <sup>2</sup>	-	-	-	21	23	31	35	37	24	10
Recyclables collected (tons/day) <sup>3</sup>	-	-	-	-	-	9	9	9	10	11
Recreation										
Winnie L. Hooper facility rentals	36	35	32	35	53	68	41	61	83	91
Charles Mack Citizen Center facility rentals <sup>4</sup>	-	1,068	953	1,037	1,153	1,186	1,782	1,541	1,515	1,066
Golf Course rounds of golf <sup>5</sup>	40,948	42,959	39,557	36,554	36,042	34,197	32,571	31,244	14,684	-
Water										
Water main breaks <sup>6</sup>	-	94	128	143	121	76	110	80	35	47
Average daily production (thousands of gallons)	4,248	3,929	3,803	4,065	4,255	4,466	4,703	5,232	5,482	5,931
Wastewater										
Average daily sewage treatment (thousands of gallons)	2,869	2,974	3,211	3,174	3,285	3,394	3,500	3,838	3,907	4,237

Source: Various town departments.

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

<sup>1</sup> Recorded data for parking violations is only available from October 11, 2007 to date.

<sup>2</sup> Recorded data for yard debris is only available for fiscal year 2010 to date.

<sup>3</sup> The Town's recycling program began during November 2011.

<sup>4</sup> Recorded data for facility rentals at the CMCC is only available for fiscal year 2008 to date.

<sup>5</sup> Golf Course renovations began November 2014.

<sup>6</sup> Old 2" galvanized water lines are being replaced beginning 2015



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

Function	Fiscal Year					Fiscal Year				
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	45	49	50	57	56	67	61	71	76	82
Fire										
Stations	4	4	4	4	4	4	5	5	5	5
Fire trucks	8	8	8	8	8	8	10	9	9	9
Highways and streets										
Streets (miles)	105	107	119	122	122	122	132	132	134	134
Traffic signals	14	14	13	13	13	13	13	12	12	12
Cultural and recreation										
Parks and golf courses acreage	286.52	287.52	287.52	287.52	287.52	537.48	537.48	537.48	537.48	537.48
Parks	11	12	13	13	13	15	15	15	15	15
Swimming pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	7	9	9	9	9	15	15	15	15	15
Recreation centers	2	2	2	2	2	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)	-	240	242	246	270	272	278	279	280	297
Fire hydrants	1,438	1,503	1,565	1,639	1,739	1,808	1,885	1,900	1,837	1,997
Maximum daily usage (thousands of gallons)	4,261	3,941	3,806	4,080	6,133	6,306	6,887	7,201	8,905	8,852
Maximum daily capacity (thousands of gallons)	6,200	6,200	6,200	18,000	18,000	18,000	18,000	18,000	18,000	18,000
Sewer										
Sanitary sewers (miles)	-	239	243	245	247	248	266	268	292	305
Maximum daily treatment capacity (thousands of gallons)	5,200	5,200	5,200	5,200	5,500	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, 2016, which collectively comprises the Town of Mooresville's basic financial statements, and have issued our report thereon dated October 25, 2016. 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 25, 2016  
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, 2016. 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, 2016.

**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 25, 2016  
Mooresville, North Carolina

**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For The Fiscal Year Ended June 30, 2016**

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**Section I. Summary of Auditors' Results**

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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

Not Applicable

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, 2016**

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**Section II. Financial Statement Findings**

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None Reported

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**Section III. Federal Award Findings and Questioned Costs**

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None reported.

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**Section IV. State Award Findings and Questioned Costs**

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None reported.

**TOWN OF MOORESVILLE, NORTH CAROLINA  
CORRECTIVE ACTION PLAN  
For The Fiscal Year Ended June 30, 2016**

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**II. Financial Statement Findings**

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None reported

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**III. Federal Award Findings and Questioned Costs**

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None reported.

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**IV. State Award Findings and Questioned Costs**

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None reported.

**TOWN OF MOORESVILLE, NORTH CAROLINA  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
For The Fiscal Year Ended June 30, 2016**

None

**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For the Fiscal Year Ended June 30, 2016**

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 Rowan County (Cabarrus/Iredell/Rowan Home Consortium)				
Community Development Block Grant	14.228	N/A	\$ 54,013	\$ -
US Department of Justice				
Passed-through NC Department of Public Safety				
Bullet-Proof Vest	16.607	N/A	9,595	
US Department of Transportation				
Passed-through NC Department of Transportation				
Highway Planning Research and Construction	20.205	51043.1 F1	88,078	
US Department of Homeland Security				
FEMA-2011 SAFER Grant				
	97.044	EMW-2011-FH-00397	21,664	-
Total Assistance - Federal Programs			<u>173,350</u>	<u>-</u>
State Grants:				
Cash Assistance:				
NC Department of Transportation:				
Powell Bill	N/A	DOT -4 32570	-	962,188
NC Department of Cultural and Natural Resources:				
State Aid to Libraries				
	N/A	N/A	-	23,984
Total Assistance - State Programs			<u>-</u>	<u>986,172</u>
Total Assistance			<u>\$ 173,350</u>	<u>\$ 986,172</u>

**TOWN OF MOORESVILLE, NORTH CAROLINA**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**  
**For The Fiscal Year Ended June 30, 2016**

*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, 2016. 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.